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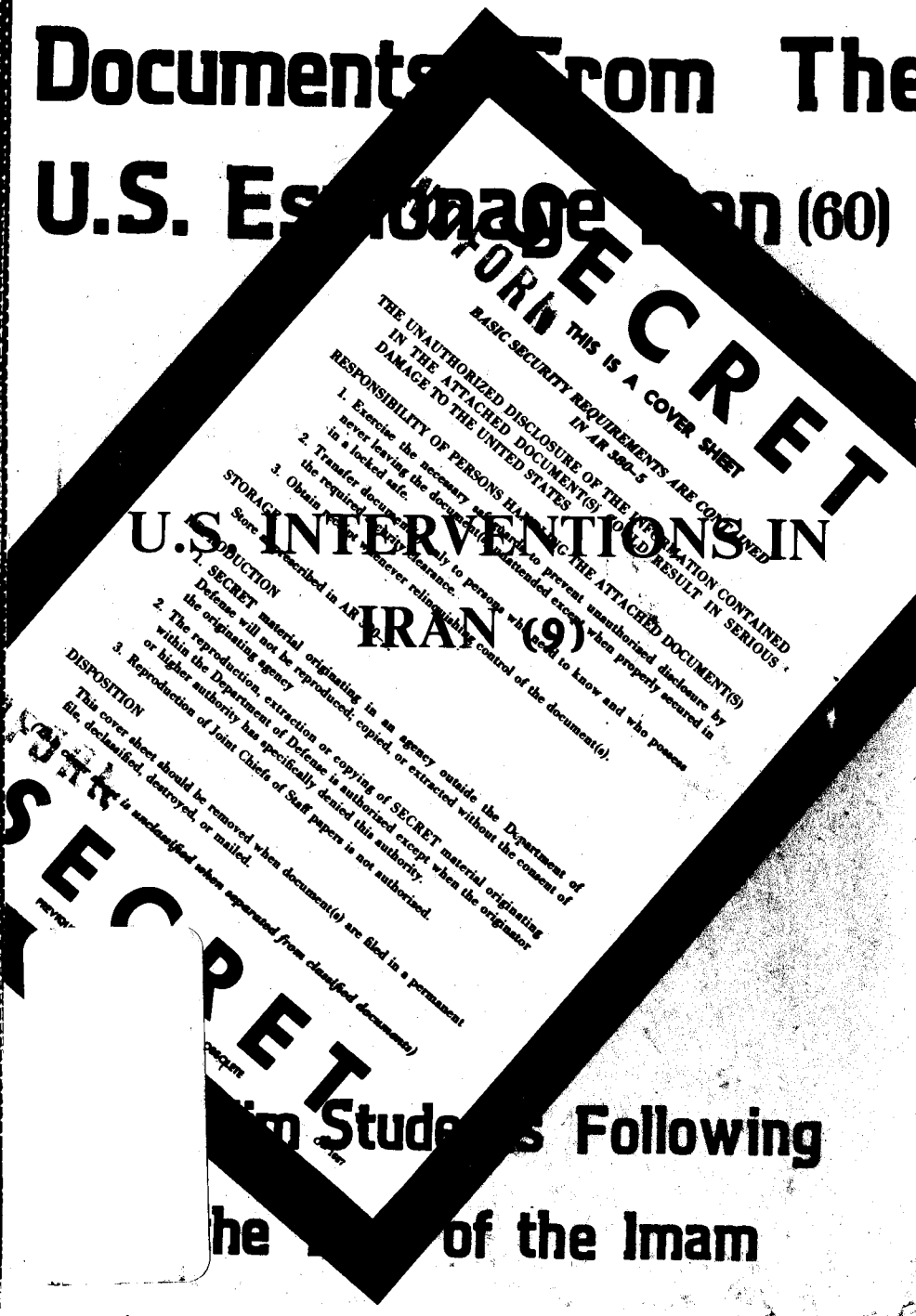

U.S. INTERVENTIONS IN IRAN (9)

Stude[illegible] Following the [illegible] of the Imam

In the name of Allah
the most
Compassionate and Merciful

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TABLE OF CONTENTS

ONE-SECURITY IN THE GOVERNMENT OF IRAN 1

A REVIEW OF THE SECURITY SYSTEM OF IRAN 2

I- INTRODUCTION 2

II- BASIC SECURITY LEGISLATION 3

III- PUBLIC ATTITUDE TOWARD SECURITY 5

IV- NATIONAL ORGANIZATION FOR SECURITY 6

1- NATIONAL SECURITY COUNCIL 7

2- NATIONAL ORGANIZATION FOR INTELLIGENCE & SECURITY ... 8

3- J-2 SECTION SUPREME COMMANDER'S STAFF 10

4- G-2 SECTION OF GENERAL STAFF 11

5- COUNTERINTELLIGENCE CORP (CIC) 12

6- IRANIAN NATIONAL POLICE 13

7- IMPERIAL IRANIAN GENDARMERIE 14

8- SPECIAL INTELLIGENCE OFFICE 15

V- INTERAGENCY RELATIONSHIPS AND COORDINATION 17

VI- SECURITY IN GOVERNMENT DEPARTMENT 19

VII- PHYSICAL SECURITY 20

1- CIVILIAN MINISTERIES 20

2- ARMED FORCES 20

VIII- CONTROL OF CLASSIFIED MATTERS 21

IX- PERSONNEL SECURITY 23

X- INDUSTRIAL SECURITY 26

XI- FINDINGS 27

XII- RECOMMENDATION 29

XIII- CONCLUSION 30

ANNEX A

ANNEX B

ANNEX C

ANNEX D

TWO- MEMORANDUM OF CONVERSATION WITH FRENCH COUNSUL, KHORRAMSHAHR 36

KHUZESTAN 36

DOMESTIC POLETICS 36

PERSIAN GULF 36

FRENCH OIL COMPANIES AND EQBAL 37

TREE- SEMI ANNUAL ASSESSMENT OF THE POLITICAL SITUATION IN IRAN 38

1- SUMMARY 39

2- THE SHAH 40

3- THE ECONOMIC SITUATION 41

4- IRAN-U.S. RELATIONS 43

5- IRAN AND THE PERSIAN GULF 45

6- IRAN AND IRAQ: THE SHATT CONFORNTATION 46

7- IRAN AND OTHER COUNTRIES 48

8- IRAN-COMMUNIST RELATIONS 50

9- THE GOVERNMENT, PARLIAMENT AND THE PARTIES 53

10- DISSENT AND INTERNAL SECURITY 55

FOUR- REFORM IN IRAN 58

SUMMARY AND INTRODUCTION 59

1- LAND REFORM 61

4- WORKER PROFIT SHARING 62
5- ELECTION LAW REFORM 63
6- LITERACY CORPS 63
7- HEALTH CORPS 64
8- EXTENSION AND DEVELOPMENT CORPS 65
9- HOUSE OF JUSTICE AND ARBITRATION COUNCIL 66
10- NATIONALIZATION OF WATER RESOURCES 67
11- RECONSTRUCTION OF THE COUNTRY 67
12- ADMINISTRATIVE AND EDUCATIONAL REVOLUTION 68
13- OTHER MEASURES 69
COMMENT 70
FIVE- YOUTH 72
SIX- REFORM PROGRAM 75
SEVEN- IRAN NATIONAL INTELLIGENCE SURVEY 78
GENERAL SURVEY CHAPTERS 81
CHANGE FROM THE TOP 84
OBSTACLE TO CHANGE 86
THE STRONG MAN TRADITION 88
MONOPOLIZING POLITICAL POWER 90
THE WHITE REVOLUTION 91
OIL AND WHAT ELSE? 91
LOOKING WEST, EAST AND TO THE MIDDLE EAST 93
AS THE SHAH GOES, SO GOES IRAN 94
CHRONOLOGY 96
AREA BRIEF 98
EIGHT- BRIEFING FOR TDY PERSONNEL 100
INTRODUCTION 100
U.S. INTERESTS 101
PHYSICAL CHARACTERISTICS 104
PEOPLE, RELIGION, CULTURE 107
SOCIAL AND INDUSTRIAL DEVELOPMENT 114
INDUSTRIAL DEVELOPMENT 118
EXTERNAL THREAT 120
IRAQ IS IRAN'S MOST ACTIVE ANTAGONIST 121
STRATEGY 124
DEFENSE ORGANIZATION 125
FORCE DISPOSITION/DEVELOPMENT 126
GROUND FORCE 126
AIR FORCE 128
ORGANIZATION OF THE IMPERIAL IRANIAN NAVY 129
DISPOSITION OF FORCES 131
HISTORY OF MILITARY ASSISTANCE AND ARMISH-MAAG 131
ORGANIZATION OF ARMISH-MAAG 132
ARSEC 132
AFSEC 133
NAVSEC 133
EUCOM SUPPORT ACTIVITIY 133
TECHNICAL ASSISTANCE FIELD TEAMS 134
FOREIGN MILITARY SALES 135
CONUS TRAINING 136

MIC 206/171

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UNITED STATES

MILITARY INFORMATION CONTROL COMMITTEE

SECURITY IN THE GOVERNMENT OF IRAN

Note by the Secretary

1. The attached report was prepared to record the observations of the United States Military Information Control Committee Team which examined the security program in the Government of Iran during the period October 25 - November 3, 1965.

2. The United States Military Information Control Committee approved the report at its meeting on December 15, 1965.

3. This document requires "Special Handling." It is "Not Releasable to Foreign Nationals."

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Donald S. Harris

Donald S. Harris
Secretary

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A REVIEW OF THE SECURITY SYSTEM OF IRAN

I INTRODUCTION

In view of proposals by the U.S. Department of Defense that the HAWK and BULLPUP missile systems be supplied to Iran and because the security system of Iran had last been evaluated officially by a State-Defense Military Information Control Committee Team which visited Iran in August - September 1960, the United States Military Information Control Committee (USMICC) decided to dispatch a Security Survey Team to Iran to review that country's security system. The Team conducted its survey in Iran from October 23 to November 4, 1965. Discussions were held by it with key Iranian officials and with representatives of the American Embassy, ARMISH-MAAG and GENMISH.

The security evaluation referred to above was documented in MIC 206/129, dated February 8, 1961. This current report is intended primarily to bring up to date the information contained in MIC 206/129 Statements made in it are based primarily on observations of the Team and on information supplied to it by Iranian and American officials.

Annex A contains a list of Team members; Annex B a list of the principal Iranian officials with whom the Team conferred; Annex C a list of the principal American Officials with whom the Team held discussions; and Annex D a schedule of the Team's meetings.

II BASIC SECURITY LEGISLATION

There have been no changes in the basic security legislation of Iran as recorded in MIC 206/129. The constitutional laws of 1906, 1907 and 1925 still form the legal base for the Iranian Government and its division into separate executive, legislative and judicial branches. Despite the nominally democratic form of government, the Shah appears to be more than ever an autocratic ruler in the long tradition of absolute monarchy which has usually prevailed in Iran down through much of its recorded history. Thus the attitude of the Shah toward security and the firmness of his position remain essential aspects to be considered in any survey of Iran's security system.

Civilian security laws also remain unchanged; these being still based on Articles 60-79 of the 1925 Iranian Public Penal Code with revisions of 1945, and the 1931 Law of Opponents to the Country's Independence and Security. Military activities continue to be governed by the 1936 Army Laws of Procedure and Penal Code (also known as The Military Justice and Penal Law of Iran). It may be noted that under the 1925 Penal Code referred to above provisions are made for civilians and members of the armed forces to be tried by military courts in cases of espionage. Various sections of the Military Justice and Penal Law of Iran also provide for trial of civilians by military courts; e.g., for attempts on the life of the Shah or the Crown Prince. While the Team was in Iran a military court concluded the trial of a number of civilians involved in the April 1965 Marble

Palace attempt on the life of the Shah. Among the sentences passed out, two were for death, one for life imprisonment, and nine were for imprisonment from 3 to 8 years. (Note: The actual attempt on the Shah's life was made by a conscript member of the Imperial Guard who did not survive his unsuccessful attempt at assassination.)

Attempts on the life of the Shah or the Crown Prince are not the only crimes punishable by the death sentence under the provisions of the several laws referred to above. There are numerous other crimes for which the perpetrators may receive the death sentence and among these is espionage. Evidence that this penalty is applied for espionage was given in early 1965 when three Iranian Officers were executed after conviction by a military court on charges of spying for the Soviets. (Note: The espionage for which the officers were convicted was not recent. The case was broken by the Imperial Iranian Counter Intelligence Corps — IICIC.)

III PUBLIC ATTITUDE TOWARD SECURITY

There is no reason to believe that the Iranian public is any more aware of the need for protective security now than was the case when the previous security survey was made in 1960. While changes in society are under way; e.g., in the slow growth of a middle class and a small decline in the percentage of illiteracy, these are not sufficient to overcome the lack of a national concsiousness as known by Western nations, the very low standard of living of the average Iranian, the lack of formal education (over 80 per cent of Iranians are still illiterate), and the generally backward conditions prevailing throughout much of the country. However, assuming that the Shah will be successful in his efforts to raise the standard of living, to make drastic inroads into the level of illiteracy, to improve communications and to develop a national consciousness, one may expect this situation to improve in the next generation.

IV NATIONAL ORGANIZATION FOR SECURITY

Since this subject was discussed in considerable detail in MIC 206/129 and most of the material therein is still essentially correct, this section of this report will concern itself primarily with updating and revising the previous report where necessary or desirable. The dominant factor to be taken into consideration in any evaluation of security in Iran is the position of the Shah, whose role in the government of Iran has grown no less central and autocratic than was the case at the time of the previous security survey in 1960, and whose interest in and control of security has increased. The various security organizations in effect function as appendages to his one-man government. Since resuming power after the fall of Mossadeq in 1953, the Shah has taken a deep and personal interest in the day to day operations of the various intelligence and security organizations. All major, and many minor, decisions in this field are made by the Shah. After the nearly successful Marble Palace attempt on his life in April 1965, the Shah's interest in security became even more intense. The primary objective of security in Iran is preservation of the monarchy. Other main objectives are to counter the Soviet threat and to counter the threat from other countries in the area; i.e., Iraq and the UAR. It is from the latter country, as personified by Nasser, that the Shah sees the biggest threat to Iran in this decade. By contrast, the Iranian attitude toward the Soviets is more relaxed than it was in 1960.

So far as can be determined, the Shah's influence on security in Iran is, at least from the United States point of view, a positive one. However, the unique role which he plays necessarily raises the question of what would happen in the event of his sudden demise. There does not appear at this time to be any likelihood of the Shah being deposed through organized opposition to him, since no such effective organization appears to exist. The possibility of assassination always exists and thus the situation, in the words of former Ambassador Holmes remains "stable but brittle." In such an event, and in view of the lack of any organized opposition to the present regime, it is likely that the military could insure the continuance of some form of stable government whose policy objectives would continue to run parallel to those of the United States in the area.

1. National Security Council

The National Security Council (NSC) remains, at least in theory, the top policy formulating body for the intelligence community. So far as is known there have been no changes in its organization. The subcommittees created at the same time as the NSC (1956), the Internal Protection Coordinating Committee (IPCC) and the Intelligence Coordinating Committee (ICC) continue to function adjunctively with the NSC.

During the Team's meeting with SAVAK representatives, it was informed by Brig. Gen. Mahootian (Chief of Security for SAVAK) that the two subcommittees meet each month, with the IPCC sometimes meeting

twice a month. According to Gen. Mahootian, the ICC members consist primarily of the Security Officers of the various Ministries. These Officers rank as senior officers of the Ministries and are appointed by their Ministers in consultation with SAVAK. ICC meetings are normally presided over by Gen. Mahootian.

Gen. Mahootian made it clear that the IPCC, which is presided over by the Chief of SAVAK, is the more important of the two subcommittees. He said that all Ministries are represented on it, and in addition the National Iranian Oil Co., the National Planning Organization and the Tehran Municipality. An interesting security aspect of this Committee is that each of its members is required once a year to submit a report listing security problems in his organization and any relevant ideas which he may have. This report is submitted to the Chairman, i.e., the Chief of SAVAK. It should be noted that both the ICC and the IPCC regularly discuss security problems of the various Ministries, the latter Committee taking up those problems which the ICC has not been able to resolve.

2. National Organization for Intelligence and Security (SAVAK)

At the time of the previous survey SAVAK was headed by the competent and powerful Maj. Gen. Teimur Bakhtiar, who was removed from office in early 1961 by the Shah, presumably because he had grown too powerful. Gen. Bakhtiar was succeeded by Gen. Pakravan, who in turn was removed from his post shortly after the assassination of Prime Minister Hasan Ali Mansur on January 21, 1965. Unfortunately

for Pakravan, his organization had no advance knowledge of the conspiracy to assassinate the Prime Minister. The present Chief of SAVAK, Lt. Gen. Nematollah Nasiri, enjoys the reputation of being a ruthless and efficient officer who is loyal and devoted to the Shah. The Chief of SAVAK also serves as an Adviser to the NSC and as a Deputy Prime Minister.

SAVAK continues to be a powerful organization with overall security responsibility for the country. Its responsibilities include monitoring of political activities of Iranian students abroad, the investigation of espionage, sabotage, treason, insurrection and other subversive activities; the collection of intelligence information on political opposition; surveillance of foreign embassies, official delegations from abroad and resident aliens; foreign operations connected with intelligence and counterintelligence; official liaison with friendly foreign intelligence services (especially with the Israelis); and security in the civilian Ministries. According to Ransom Haig, Attache, American Embassy, the Shah had said, sometime during the last six months, that he wants SAVAK to get out of police type work and to concentrate on espionage and counterespionage. However, he added that not much change has been noticed so far.

The Team was particularly interested in SAVAK's responsibility for security in the civilian Ministries. SAVAK exercises control over this in a number of ways. In the first place, each Ministry has a Security Officer as one of its senior officers. He is appointed by the Minister in consultation with SAVAK, which approves him and makes

sure that he is a competent person. SAVAK emphasizes that these Security Officers should not be changed lightly. Their basic instruction is given by SAVAK. (Mr. Haig told the Team that these Officers are generally considered by the personnel of the various Ministries to be mere stooges of SAVAK, and that for this reason they are generally avoided.) In any case, the Security Officers are obligated to report any security problems within their Ministries to SAVAK. In addition these Officers sit in on the regular meetings of the ICC, where there is a regular airing of security problems. For these reasons, SAVAK does not feel it necessary to have any regularly scheduled security inspections of Ministries; however, SAVAK has the right to investigate any of the Ministries anytime it thinks it necessary or desirable to do so.

Mr. Haig judged that SAVAK has made considerable progress but that by American standards it has a long way to go. He felt that plus points for SAVAK are its keen awareness of the Soviet threat and its competence in the political field.

3. J-2 Section, Supreme Commander's Staff

J-2 in 1958, by order of the Shah, absorbed many of the functions previously carried out by G-2. It now directs and coordinates Iran's military intelligence effort and collects, collates and disseminates military intelligence. It also has overall responsibility for the security of military personnel and installations; military counter-espionage operations; supervision of Iranian military attaches abroad;

and the activities of the National Resistance Organization (which organization, so far as the team was able to ascertain, appears never to have gotten off the ground). The head of J-2 since the Spring of 1961 has been Lt. Gen. Azizollah Kamal. His immediate predecessor, Lt. Gen. Haj Ali Kia, was removed by the Shah because he appeared to be growing too powerful, a not uncommon cause for dismissal from power in Iran. Lt. Gen. Kamal's technical competence does not seem to be very highly regarded; however, there is general agreement that he is a wily old fox who always seems to manage to come out on top. There seems, however, to also be a wide measure of agreement in the view, among Americans who have official contact with J-2, that security consciousness and practices within J-2 (and hence within the Armed Forces) have improved greatly within the last year -- and especially within the last six months. This seems to be traceable to a number of reasons, the most important being the possibility of Iran getting sensitive equipment (such as the HAWK and the BULLPUP), the desire of the Shah that security practices be improved, and the psychological effect (related to the two preceding points) of the visit of the USMICC Team. The ARMISH-MAAG has worked closely with J-2 to improve security and intelligence. In the respect particular credit is due to Maj. Robert Hand, U.S. Army, whose helpful collaboration with the J-2 appears to have been a major factor in improving its security consciousness and procedures.

4. G-2 Section of the General Staff

G-2 today plays only a minor role in security matters and was therefore of no special interest to the Team. It is concerned primarily with collecting combat intelligence and order of battle information.

5. Counterintelligence Corps (CIC)

The CIC is considered by most observers with whom the Team talked to be the elite of the Iranian intelligence and security organisations. This was also the Team's observation. It is a relatively small organization (611 officers and men at the time of the Team's visit) but possessed of a high degree of efficiency, discipline and élan. It formerly came under G-2 but is now subordinate to J-2, with its Chief functioning as Deputy J-2; in practice it seems to enjoy considerable autonomy. Its prime responsibility is to ensure the loyalty of the Armed Forces. It grants security clearances for military personnel, investigates foreign intelligence activities directed at the Iranian military establishment, investigates dissident activities which could be a threat to the regime, and checks on physical and document security in the Armed Forces. One of its powers is the right of arrest over military personnel (and over civilians, provided there is a military connotation); in the exercise of which it is answerable only to the Shah. The CIC Chief is Brig. Gen. Ardeshir Tadjbakhsh. He was appointed Chief officially in October 1963 but had been acting head of the organization since 1958. He is generally believed to be the most competent and energetic of senior Iranian intelligence officers.

The Country Team reports there has been some discussion of reorganizing the CIC; i.e., breaking it up from its present form and assigning the elements thereof to function under separate commands of the Army, Navy and Air Force. The USMICC Team noted that subordination

of this function to the individual military services could handicap the CIC's ability to protect the regime from a military coup.

6. Iranian National Police

The Iranian National Police, particularly through its Information Bureau, has long had a close connection with security in modern Iran. The former organization is concerned principally with maintaining public order in cities and towns with more than 5000 inhabitants whereas the latter has a strictly counterintelligence mission. Concurrently with SAVAK, the National Police has the responsibility of watching over the activities of foreigners in these cities and towns. Total strength of the National Police is approximately 24,000; this figure including officers, noncommissioned officers, enlisted men and civilian employees. Since January 30, 1965, the Chief of the National Police has been Maj. Gen. Mohsen Mobasser, a close friend of Lt. Gen. Nasiri (head of SAVAK) whom he succeeded as Chief of Police.

The Information Bureau is headed by Brig. Gen. Samad Samadianpur. His organization's primary duties consist of investigation of individuals and groups engaged in or suspected of subversive activities and watching foreigners in Iran. To these ends, the police have penetrated government agencies, political parties (legal and illegal), trade unions, religious groups and in fact, the whole framework of civil life in Iran. Information from these informants and other sources flows regularly to the Information Bureau which digests it and files it in its Central Registry. This latter organization among other items

has on hand according to Gen. Samadianpur, the fingerprints of one fifth of the population of Iran and files (not including criminal ones) on some 1,600,000 persons. Gen. Samadianpur added that the organization hoped eventually to have fingerprints and files on everyone in Iran. Among other information contained in the files are the biographies of all members of all political parties (legal and illegal) in Iran.

7 Imperial Iranian Gendarmerie

Among the several security organizations in Iran, the Gendarmerie is usually given the poorest marks. Gen. Malik, the predecessor of the present commander, succeeded Gen. Azizi (who was removed for corruption) and was said to have spent 95 per cent of his time fighting corruption and only 5 per cent on the day to day business of the Gendarmerie. The organization has a strength of some 36,000 officers and men, but it is badly understrength in officers. Somewhere between 40 and 60 per cent of the enlisted men are illiterate. Pay is very low. Over 2000 Gendarmerie posts are maintained throughout Iran.

The main functions of the Gendarmerie are: 1) to provide law enforcement in cities and towns of less than 5000 population (this takes in 75 to 80 per cent of the country), 2) border control (in 1963 the Gendarmerie integrated some 5,600 border guardsmen who until then had been a part of the Army), 3) conscription, 4) control of smuggling, 5) to provide intelligence on border areas, 6) judiciary; e.g., adjudication of village disputes and land reform, 7) to provide early warning and initial resistance in case of agression, and 8) surveillance (concurrently with SAVAK) in the towns and cities under its jurisdiction.

There are hopeful signs that the effectiveness of the Gendarmerie may improve. The new (since September 1965) commander, Maj. Gen. Ovesi, who was previously commander of the elite Guards Division, has shown much interest in training, in education and in reorganization of Gendarmerie Headquarters. A new pay scale, similar to that of the Army, has been approved; however, funds for it have not yet been appropriated. The United States is seeking to have an Officer Candidate School established.

The Chief of the U.S. Mission to the Gendarmerie (GENMISH) feels that the Gendarmerie despite its weaknesses is an effective organization and that it plays an important role in maintaining stability in rural areas. (The GENMISH advisory function to the Gendarmerie is provided by treaty, which prohibits any other nation from providing the same function. According to the Chief, GENMISH, renegotiation of this treaty for any reason — such as for the purpose of subordinating GENMISH to ARMISH — could jeopardize this monopoly.)

8. Special Intelligence Office

No discussion of the Iranian security and intelligence community would be complete without mention of the Special Intelligence Office. This is a small unit of about 40 officers and men established by the Shah within the Imperial Palace in 1959. Its purpose is to keep the Shah abreast of all significant developments reported by members of the intelligence community and other services. It is empowered to conduct special investigations and inquiries. Its head,

Maj. Gen. Hosein Fardust is a professional intelligence official. Since 1962 he has been the Deputy Chief of SAVAK. He is known to be efficient and completely loyal to the Shah.

V INTERAGENCY RELATIONSHIPS AND COORDINATION

Although it would be difficult to present any great amount of factual data to substantiate the point, it would appear that inter-agency relationships and coordination are rather better than at the time of the previous survey — and perhaps satisfactory for Iranian purposes even though not up to ideal American standards. Since the heads of SAVAK, J-2, the National Police and the Gendarmerie all report directly to the Shah, it would appear that a certain amount of coordination must necessarily be effected by the Shah, insofar as this appears to be desirable and expedient to him. A further informal coordination and control would appear to be exerted through the position and person of Maj. Gen. Fardust, who, as personal friend of the Shah, Deputy Chief of SAVAK, and the man responsible for keeping the Shah abreast of intelligence and security developments, must necessarily also carry out some coordinating functions. Still another close and informal relationship would exist by virtue of the fact that the close friend of the Chief of SAVAK has followed him as Chief of the National Police. It is hardly necessary to add that these men would not be in the positions they now occupy if they did not enjoy the confidence of the Shah.

On a more formal level, the monthly meetings of the ICC bring together the Security Officers of the several Ministries. On a higher level, there are the monthly or bi-monthly meetings of the IPCC, on which all Ministries are represented — and which is presided over by the Chief of SAVAK. And at a still higher level, there are

the meetings of the NSC, presided over by the Prime Minister and attended by the Supreme Chief of Staff, as well as by the Chiefs of J-2, the National Police, SAVAK, and the Gendarmerie. Gen. Tadjbakhsh told the Team that at the lower levels CIC and SAVAK have daily coordinating meetings and that at a somewhat higher level CIC, SAVAK and National Police Representatives have weekly meetings for that purpose. He added candidly that there were no problems on cooperation between CIC, SAVAK and the National Police (Information Bureau) except at the highest levels, by which he meant the Generals commanding these organizations — at which level he said there were the usual personality problems and rivalries over allocations of money and personnel.

VI SECURITY IN GOVERNMENT DEPARTMENTS

So far as the civilian side of the national government is concerned, the Team did not make any observations which would indicate any substantial amount of progress beyond that reported in MIC 206/129, except in the field of personnel security (discussed later) and that of the regulations controlling security. At some indefinite date (apparently not too long after the last MICC survey) fairly detailed security regulations for all of the civilian ministries were promulgated by SAVAK. These contain 97 separate articles and as a security guideline would appear to be excellent.

In the case of the Armed Forces, new and detailed security regulations have been promulgated within the last six months. This was apparently inspired by the visit of the USMICC Team. The regulations themselves were adapted by ARMISH-MAAG from United States Air Force Security Regulations and they are accordingly up to the standards which might be expected. It was the Team's view that serious efforts are being made by the Armed Forces to observe and implement these regulations. Initially some 200 copies of these regulations were distributed. A further 300 are now being distributed and this will bring the distribution down to the Battalion level. An encouraging observation, which the Team voiced to the IIAF/CIC Commanding Officer, was that the new IIAF security regulations are unclassified (they were formerly classified), thereby facilitating wide dissemination and guidance.

VII PHYSICAL SECURITY

1. Civilian Ministries

As noted above, there is little to add except for promulgation of the aforementioned security regulations, which provide in a fair amount of detail for the practice of good physical security procedures. How these are carried out in practice is something the Team did not observe. It may be noted, however, that in the opinion of most qualified American observers, physical security practices in the various civilian Ministries are very poor as compared to those in the Armed Forces.

2. Armed Forces

The Team had considerable opportunity to observe physical security practices at J-2 Headquarters, at Air Force Headquarters, at CIC Headquarters, and at Mehrabad Airbase. Plans for observing practice at Dezful Airbase and at Khorramshahr Naval Base had to be cancelled owing to the unfavorable flying weather. In the places visited, physical security practices observed were excellent, especially at Mehrabad Air Base. Practices observed included: 24 hour guards, roving foot and motorized patrols, close exit and entry supervision procedures, adequate fencing, lighting and document control procedures and a high degree of security consciousness and alertness among the personnel at the installations mentioned.

VIII CONTROL OF CLASSIFIED MATTER

The Team did not have an opportunity to survey document control procedures in the civilian Ministries and Agencies. It is probably reasonable to assume that procedures have not changed much since the last survey. However, so far as the Armed Forces are concerned, both the Team's observations and those of American observers on the scene were in agreement that document control procedures have improved tremendously. Practices in this regard were observed in J-2 Headquarters, in Air Force Headquarters and at Mehrabad Air Base (which latter place has only a relatively few classified documents). In the two Headquarters mentioned, document control procedures were excellent. In both cases the improved procedures had been only recently introduced. Apart from an increased security consciousness, the reason for the improved procedures lies mainly in study of the new security regulations, which resulted in the writing of some new SOP's. A further reason is the progress of the program to make widespread distribution of new combination locking steel safes; of which 300 have been ordered and over 80 already distributed. (Note: There were only 29 safes in the entire Armed Forces four years ago). Each Headquarters maintains a document control center where all TOP SECRET and SECRET documents must be kept. Such documents may be checked out by the duly authorized personnel but must be returned at the close of each work day. The Centers have armed guards on duty 24 hours per day. During working hours, the document control center

officer is present. This officer has responsibility among other things for keeping careful records to log in and out classified documents, and to follow through on checked out documents to see that they are returned. He also keeps on file lists of persons authorized to have access to the various documents. In this respect, the Team understood that access to SECRET and TOP SECRET documents is normally limited to the man who needs to know their content and to a deputy. In these Headquarters, classified trash and unclassified trash is collected and burned at the end of each working day.

The Document Control Center at Mehrabad Air Base is in a small building which it shares with the local CIC office. The Center has barred windows, a 24 hour armed guard and one of the new safes referred to previously. Its procedures are similar to those in the Headquarters previously discussed, with some local variations; e.g., the TOP SECRET and SECRET documents kept in it may be studied only in the Document Control Center unless they are under the personal control of the Base Security Officer.

In the opinion of local American observers familiar with these matters, Iranian document control security has made considerable strides and is still improving. One impetus to this had been the arrival of CENTO classified documents; for which careful security procedures were introduced and are still being carried out.

IX PERSONNEL SECURITY

The personnel security program as it exists in Iran is what an American probably would consider to be a security and loyalty program. One well-qualified American observer termed the armed forces security program as one based mainly on procedures in the U.S. armed forces, but one on which a loyalty program has been superimposed and whose factors may be determining. The entire armed forces security program is administered by the CIC. It is illustrative to consider the procedures followed in the case of someone volunteering for the armed forces. Among other things, he must complete a lengthy application giving his personal history, the names and addresses of his relatives to the third degree, his place of residence (he must accompany this with a map showing location of his residence), any jobs he may have had, any prior service in the armed forces, his citizenship and any previous citizenship he may have had, names of his school classmates, names of any relatives living abroad, names of six persons for references, membership in any political, athletic, charitable, religious, or sociable organization (he is purposefully allowed only 15 minutes to fill out this section), information as to any relative who may be active in any political party, his views as to which party candidates he thinks would be good for the country, any employment for agencies of a foreign country, information about persons who may have introduced him into employment for such agencies, and whether he is sympathetic to any party which is in opposition to the government. The filling

of this document must be witnessed by CIC men and its truthfulness sworn to by the applicant. He must also supply six photographs together with the negative from which they were made (prints may be altered) and his ID card (which is then checked against the one on file nationally). Two fingerprint cards are filled out. Local agency and national agency checks are then made; i.e., with Police, SAVAK, Gendarmerie, and Civil Courts. This clearance procedure may take from 5 to 7 months. If all is successful and the applicant otherwise qualified to enter the armed forces he would be allowed (in cases where there was a need to know) access to classified material through CONFIDENTIAL. Should he require access to SECRET and TOP SECRET there would have to be more detailed investigations. Civilians seeking employment with the armed forces must go through the same procedures.

With regard to personnel security in the civilian Ministries, an important control is the requirement, laid down by Prime Ministerial decree, that potential employees must be referred to SAVAK for clearance before being hired. SAVAK's principal concern in such clearances is the political background of the persons concerned. It claims to have some files on some 100,000 persons, each file containing derogatory information. There is general acknowledgement that these files are very comprehensive and thorough.

All positions in all of the Ministries are divided into three categories: 1) Regular, 2) Sensitive and 3) Important and Sensitive.

Category 1 jobs are low-ranking non-sensitive ones; minor clerks, porters, cleaning personnel, etc. Category 2 could, for example, include persons dealing with codes. Category 3 would include Ministers and Directors General. SAVAK has one form to be used by Ministries applying for clearances for persons in Category 1 and a more detailed one to be used for persons in Categories 2 and 3. These forms must be used by all Ministries. The form for Category 1 gives only enough information to enable SAVAK files to be checked for political background. The other form contains sufficient information to enable SAVAK to carry out a more detailed background investigation. Both forms show the position an applicant is being considered for. So far as the Team could ascertain, the background investigations carried out in the cases of applicants in Categories 2 and 3 are extremely thorough and detailed.

X INDUSTRIAL SECURITY

There does not exist what could really be called an industrial security program in Iran, since the need for it has not existed in any significant degree. There is in fact the rudiments of such a program in clearance procedures which exist for workers in ammunition and ordnance factories and for workers who are to be employed in construction of a defense base.

XI FINDINGS

1. There is an adequate legal basis for the Iranian security program and clear evidence of application of stringent penalties where the security of the State is at stake.

2. Notwithstanding some overlap in functions of the security agencies*, they operate effectively, at the appropriate level of government with direct access to and control by the Shah. Although both civilian and military agencies have as their primary objective protection and preservation of the present regime, they are fully aware of the Sino-Soviet threat. In spite of continued rivalry among the security agencies, it does not appear to affect adversely coordination and cooperation at operational levels.

3. Government-wide security regulations, issued with the personal approval of the Shah, have been in effect since shortly after the last USMICC survey. These regulations, which are essentially a statement of principles, have not been expanded into detailed regulations except for the Armed Forces and the security agencies.

4. The Iranian Security Program has made marked general improvement since the last USMICC survey, reflecting development of a higher level of security consciousness.

5. Notwithstanding a lack of detailed physical security regulations and shortages of security equipment, a high order of physical

*Special Intelligence Group of Imperial Court
J-2
CIC
SAVAK
National Police (including information Bureau)

security is achieved within the Iranian Armed Forces through intensive use of guard personnel. Except for the security agencies, no evidence of a physical security program outside of the Armed Forces was presented.

6. At the instance, and with the assistance, of ARMISH/MAAG, a document control program was instituted in the Spring of 1965 through the issuance of Armed Forces security regulations, based upon USAF AFR 205-1. Practices observed were in compliance with the regulations. Effective implementation of this program will depend directly upon the sustained efforts of commanders and of the J-2 (SCS). Except for the security agencies, no evidence of a document control program outside of the Armed Forces was presented.

7. The personnel security program of the civilian security agencies focuses primarily on loyalty (lack of opposition to the present regime). The Armed Forces operate a more effective personnel security program by addressing both loyalty and security factors.

8. The recently initiated security training program of the Armed Forces needs further development.

9. Effective implementation of the Iranian security program can best be assured by engaging the continued interest and responsibility of the Shah.

10. In the absence of a requirement, there is no industrial security program in Iran. Nevertheless, it is the practice of the Armed Forces to screen civilian personnel employed on construction and manufacturing projects of defense interest.

XII RECOMMENDATIONS

It is recommended that:

1. The Ambassador advise the Shah of the desirability of issuing an instruction expressing the Shah's interest in assuring the protection at all levels of United States origin classified information and equipment. The possible utility of a special designator-procedure warrants consideration in this regard.

2. ARMISH/MAAG should continue to stimulate and support the further development of all aspects of the Armed Forces security program.

3. Security training in the Armed Forces should be pursued vigorously as an essential to effective implementation of the security program.

4. ARMISH/MAAG should arrange for persons selected for the HAWK Program to receive special security indoctrination relevant to the protection of that weapons system. Similar action should be taken concerning any other classified equipment which may be released.

5. ARMIS/MAAG, over the next two years, forward to USMICC a semi-annual progress report on the Iranian security program.

XIII CONCLUSION

While the security program of the Iranian Armed Forces is adequate to protect United States classified military information and equipment, it is desirable that appropriate action be taken to implement the above recommendations.

ANNEX A

USMICC TEAM

IRAN — 1965

Mr. Robert N. Margrave - Chairman, USMICC; Director, Office of Munitions Control; Department of State; Chairman.

Mr. Eugene M. Winters - Central Intelligence Agency.

Capt. James A. Cavanaugh, USN - Navy Member, USMICC.

Mr. Howard R. Boose - Army Alternate Member, USMICC.

Lt. Col. Thomas H. Gunn, USAF - Air Force Alternate Member, USMICC.

Mr. Donald S. Harris - Secretary, USMICC; Department of State; Secretary.

ANNEX B

PRINCIPAL IRANIAN OFFICIALS WITH WHOM USMICC TEAM CONFERRED

Berendjian, Col. H., IIAF CIC Commander and IIAF A-2

Haskem, Mr., Dept. 4, SAVAK

Kamal, Lt. Gen. Azizollah, Chief, J-2

Mahootian, Brig. Gen., Chief, Security (Dept. 4), SAVAK

Moghadam, Col., Dept. 3, SAVAK

Mobasser, Maj. Gen. Mohsen, Chief, National Police

Motahari, Col. M., Deputy Base Commander, Mehrabad Air Base

Motazed, Maj. Gen., Chief, Foreign Intelligence, SAVAK

Samadianpur, Brig. Gen. Samad, Chief of Information Bureau, National Police

Tadjbakhsh, Brig. Gen. Ardeshir, Chief, CIC

ANNEX C

PRINCIPAL AMERICAN OFFICIALS WITH WHOM USMICC TEAM CONFERRED

Meyer, The Honorable Armin, American Ambassador

Ash, Brig. Gen. Hughes L., Chief, Army Section, MAAG

Cannady, Col. Preston B., Chief, GENMISH

Cavness, Col. William D., Defense Attache and Army Attache

Conway, Alan C., Attache

Dunn, Leland M., Economic Officer

Haig, Ransom S., Attache

Hand, Maj. Robert D., J-2, ARMISH-MAAG

Harlan, Robert, Counselor for Economic Affairs

Helseth, William A., Political Officer

Herz, Martin F., Counselor for Political Affairs

Jablonsky, Maj. Gen. Harvey A., Chief, ARMISH-MAAG

Locke, Brig. Gen., Chief, Air Force Advisory Section, MAAG

Mudd, R. Clayton, Special Assistant to the Ambassador

Olson, Richard L., Regional Security Officer

Prim, Maj. Billy R., Assistant Air Attache

Wallis, Capt. F. H., Chief, Navy Section, MAAG

York, Lt. Col. B. M., Air Attache

ANNEX D

SCHEDULE USMICC VISIT

IRAN — 1965

Monday, October 25, 1965

1000 - 1100 Meeting with Ambassador Meyer

1300 - 1330 Meeting with Maj. Gen. Jablonsky, Chief ARMISH-MAAG

1330 - 1515 Meeting with Maj. Hand, ARMISH-MAAG

1530 - 1700 Meeting with Mr. Alan Conway, Attache

Tuesday, October 26, 1965

1000 Meeting with Mr. Ransom S. Haig, Attache

1100 Meeting with Mr. William A. Helseth, Political Section

Wednesday, October 27, 1965

0930 - 1230 Meeting with Maj. Gen. Kamal, J-2, SCS, and Brig. Gen. Tajbakhsh, Chief, IICIC

1245 - 1630 Lunch and Meeting with Chief IICIC

Thursday, October 28, 1965

0930 - 1230 Col. Berendjian, Chief, IIAF CIC, IIAF Headquarters

1415 - 1530 Col. Cannady, USA, Chief GENMISH

1530 - 1630 Col. York, Maj. Prim, Air Attache and Assistant Air Attach

1630 - 1730 Mr. Herz, Counselor for Political Affairs

Friday, October 29, 1965

0900 - 1000 Mr. Olson, Regional Security Officer, Iran

1000 - 1100 Col. Cavness, USA, Defense Attache

1100 - 1200 Mr. Harlan, Counselor for Economic Affairs, and Mr. Dunn, Economic Officer

ANNEX C (cont'd.)

Saturday, October 30, 1965

0930 - 1230 Meeting with SAVAK officials

1415 - 1630 Visit to 101st Fighter Wing, Mehrabad Air Base, Tehran, talks with Col. M. Motahari, Deputy Base Commander.

1700 - 1830 Talks with Maj. Gen. Mobasser, Chief of National Police, and Brig. Gen. Samadianpur, Chief of Information Bureau of National Police

Monday, November 1, 1965

0800 Travel to Mehrabad AB in connection with planned two-day trip to Dezful, Abadan and Khorramshahr.

1630 - 1730 Mr. Ransom Haig, Attache

Tuesday, November 2, 1965

0930 - 1130 Maj. Hand, ARMISH-MAAG

Wednesday, November 3, 1965

1000 Brig. Gen. Ash, Chief, Army Section, MAAG

1400 Farewell call on Gen. Kamal, J-2

1530 Exit Briefing, Maj. Gen. Jablonsky

1800 Exit Briefing, Ambassador Meyer

Thursday, November 4

0830 Depart for Rome

MEMCON CONFIDENTIAL

PARTICIPANTS: Domenico RAVERA - Honorary French Consul, Khorramshahr
Larry W. Semakis - Second Secretary of Embassy

PLACE : Ravera's Residence

DATE : February 20, 1968

DISTRIBUTION: POL/EF; POL/RF; [illegible]; CHM; Amconsul KHORRAMSHAHR; CHAN AMB/DCM

- -

Khuzistan

Significant progress has been made in Khuzistan's development in recent years. There are more jobs for the ethnic Arab inhabitants, more hospitals, more schools and a general improvement in the economic lot of the Khuzistanis. Ravera, who travels frequently in the hinterland to hunt, remarked that some years ago he was unable to communicate in Farsi with the ethnic Arabs living in Khuzistan's villages. Today the ethnic Arab children are attending school and can communicate in Farsi. The Arabs of Khuzistan, of course, identify with the Arab world to a degree, but this identification should not be overemphasized. Their loyalty is still centered around the local Sheikhs who by and large are faring well under Persian administration. Ravera described an interesting test he ran at the height of the June 1967 Arab-Israel war on some ethnic Arabs who had voiced deep sympathy for the Arab cause. Ravera told several of them that France, having sided with the Arabs, he, as French Honorary Consul was to recruit and finance the travel of those who wished to join the Arab forces. He got no takers!

Domestic Politics

There is no real interest in political parties on the part of the public. The New Iran Party is viewed as an arm of the government bureaucracy. The Pan-Iranist Party has no real following and is generally looked upon as a "ridiculous organization". The Shah is liked, and is more popular now than ever before. Iranians are fickle, however, and the Shah's popularity is a "fair weather" variety.

Persian Gulf

Iran is destined to be the most important power in the Persian Gulf, and Saudi Arabia along with the Sheikhdoms in the area would do well to cooperate with Iran. Having visited Bahrain, Ravera has come away with the opinion that Iranians make up the most aggressive element in Bahrain's

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population, and it is only a matter of time before Bahrain becomes a part of Iran.

Franch Oil Companies and Bqbal

Havens, who now works for a French oil company operating on Lavan Island, said that incidentally Bqbal is the person behind French oil activities in Iran. Bqbal was under fire during Amini's premiership, and was obliged to leave Iran to avoid prosecution. While in Europe, Bqbal approached De Gaulle and offered his services to France if the French President could persuade the Shah to put Bqbal in a key position. When De Gaulle visited Iran, he persuaded the Shah to look with favor on Bqbal. Bqbal has since been most helpful to French interests, and the French in turn have managed to keep Bqbal happy by ensuring him a good financial return for his services. According to Havens, Bqbal is also the key man behind the very lucrative business of bringing foreign entertainers into Iran to perform.

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Department of State

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Amembassy TEHRAN DATE: SEPTEMBER 04, 1969

Semi-Annual Assessment of the Political Situation in Ir

Tehran A-068 of February 20, 1969

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CINCSTRIKE

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Table of Contents

1. Summary
2. The Shah
3. The Economic Situation
4. Iran-U.S. Relations
5. Iran and the Persian Gulf
6. Iran and Iraq: The Shatt Confrontation
7. Iran and Other Countries
8. Iran-Communist Relations
9. The Government, Parliament and the Parties
10. Dissent and Internal Security

GROUP 3
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1. Summary

This six months was a period of even greater than usual calm. The dominant position of the Shah remained unchanged and unchallenged. Rapid economic growth and spreading prosperity continued to underpin stability at home. There were financial strains but the highly competent team of government planners seemed to have the situation in hand. Changes in the Cabinet of Prime Minister Hoveyda appeared to strengthen his position vis-a-vis other members of his government, though he and the rest of the Cabinet remained at the disposition of the Shah. The Parliamentary pantomime played-on with no sign of change in the Majlis role of lawmaking largely by rote. Following the ouster of Secretary General Khosrovani, an Iran Novin Party Congress was called for September with indications there might be changes in the structure as well as the personnel of the lassitudinous party. Any latent opposition elements remained demoralized and disorganized by penetration by the state security apparatus and by the pace of economic and social change. Recruitment efforts of government-sponsored Iraqi Kurds continued to require substantial Iranian security force commitments in Iranian Kurdistan but the Government clearly controlled the situation. Students and workers kept quiet except for an occasional brief, localized strike.

In its foreign policy, Iran continued to chart a forceful and independent course. Relations with the United States remained excellent, reinforced by early personal contact between the Shah and the President and by the fantastic local impact of Apollo 11. The annual negotiations on military sales and oil company revenue payments had their difficult moments but brought satisfactory agreements. The Shah's continued policy of rapprochement with the Soviet Union and Eastern Europe produced some expansion of trade and cooperation particularly with Rumania and Czechoslovakia. Iran renounced its Shatt-al-Arab boundary treaty of 1937 with Iraq but Iraq showed no inclination to bargain on Iran's terms, and after some shore rattling the situation stagnated into a protracted war of words. The prime focus of Iranian interests remained the Persian Gulf. The Shah made clear that after British withdrawal in 1971, no foreign presence would be welcome in the Gulf, and he expressed the view that the U.S. should give up its port facilities in Bahrain. Continuing efforts to harmonize relations with Saudi Arabia and to woo the Gulf sheikhdoms went on quietly, although the Shah reiterated his renunciation of force regarding Bahrain, and appeared willing to accept formation of an FAA which excluded Bahrain. Elsewhere, Iran obdurately broke diplomatic

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relations with Lebanon over its failure to extradite former SAVAK chief Bakhtiar, but showed moderation in its (as yet unanswered) overture to the UAR removing its previous demand for a UAR apology before relations might be resumed. Iran paid particular attention to Pakistan there, concerned at the prospect of insecurity on its eastern frontiers, it was quick to lend recognition to the Government of Yahya Khan and has cultivated close relations since.

As the reporting period ended, there were no signs that the months to come would bring any weakening in Iran's political stability, although there was some room for worry over the expected slowdown in economic expansion. There were hopeful indications that continued restraint and quiet diplomacy might produce a solution to the Bahrain problem and ease the way to better relations across the Gulf. In U.S.-Iran relations, those hardy annuals, the military credit sales and oil revenue negotiations, were again expected to pose difficult problems. But the official visit of the Shah to the U.S. scheduled for October offered the opportunity to reinforce our relations at a time free of pressing issues while our continuing mutuality of interest and will to cooperate inspired confidence that these problems could again be resolved to our common benefit.

2. The Shah

The Shah remained the undisputed master of his house during the past six months untroubled by any significant threat to the country's almost monotonous domestic political stability or by any serious set-backs in economic growth, in the White Revolution, or in Iran's foreign policy of independent self-interest. Feeling, as he said, like "an elder statesman" on the world scene in his 26th year as Monarch, the Shah conducted Iran's foreign policy with accustomed confidence. He continued to profess privately the preferred position of the U.S. among Iran's friends, but played a balanced public role largely directed at furthering Iran's ambitions in the Gulf and cultivating relations with Western, third world and bloc countries alike. The Shah's usual sensible statesmanship was marred somewhat by his rumour and rigidity in the oil negotiations, his uncompromising insistence on a diplomatic break with Lebanon over Bakhtiar, and his aggressive stance against Iraq over the Shatt-al-Arab boundary.

At home, the Shah maintained his impatient and persistent pressure for accelerated economic development despite signs of strain in the economy. With the British departure from the Gulf ever approaching and the Shatt-al-Arab confrontation with Iraq, much of the Shah's attention concerned Iran's

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military preparedness, and his constant interest in obtaining new defensive weapons quickened. In a major military overhaul, more than 50 field-grade officers, including the Chief of the Supreme Commander's Staff, the Commander of the Ground Forces and seven of the eight Navy admirals were retired and large numbers of senior officers reassigned. The new Chief of SCS, General Feridoun Djam, was given an unprecedented, clear mandate as the Shah's top aide but Air Force General Khatami's position remained strong. The installation for the first time in recent memory of an SCS Chief with well-regarded professional qualifications seemed a measure of the Shah's confidence in the security of his own position.

The Shah's personal stock remained high as increasing numbers of the elite seemed to be finding in their roles in economic modernization an acceptable substitute for political participation, as prosperity continued to spread its benefits, and as the rural-oriented White Revolution carried to the villages a picture of the Shah identified with positive and benevolent government action. A continuing effort was made to humanize the image of the monarchy through publicity of the Royal Family together and individually in homey undertakings and charitable activities. The Empress remained widely popular for her unpretentious warmth, and it looked as if she were being given a somewhat broader exposure for her possible role as regent when she initiated a campaign against royal flattery and spoke with new authority on such questions as preserving the country's cultural heritage. But the Royal Family's popularity still seemed manifestly inadequate as a substitute for the Shah's actual authority in maintaining the monarchy, and the problem of its preservation should the Shah pass from the scene was still far from resolution.

3. The Economic Situation

Iran's booming economic growth continued unabated, but the heat and stress being generated indicate that a modest deceleration may be in the offing. The economic planners have already moved to meet immediate pressures and expectations are for continuing economic progress to remain the foundation of Iran's political stability.

During the Iranian year ending March 31, the first year of the Fourth Development Plan, GNP rose at a rate of 10.3% in real prices to more than $300 per capita for Iran's 28 million people. For the first six months of 1969, oil exports, construction, domestic production, level of employment, and rate of investment remained high. Crop expectations generally were good though down in most major cash crops--excepting cotton--from 1968

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record levels. Progress, though more costly than expected in some instances, continued on the major industrial undertakings--the petrochemical complex now getting into production, gas line, steel mill, and tractor and machine tool plants. Plans were laid which could lead to major increases in agro-industry.

On the worrisome side was the realization that the monetary controls of late '68 had not stemmed inflationary pressures. When the cost of living index, itself old and oddly weighted for a general index, showed an increase in prices of 3.2% for the period March 21 - June 22, 1969, over the same period of the previous year, the Central Bank acted again for monetary restraint raising the rediscount rate, the reserve requirements of the commercial banks, and their maximum interest rates for term and saving deposits.

Of concern too, were dwindling foreign exchange reserves which by March 1969 had left only $15 million in free foreign exchange. With these reserves up to $45 million by the end of June the situation was on the mend, and it was clear that there was a new appreciation in the Plan Organization of Iran's growing foreign debt burden and of the need for more selective foreign borrowing. Shortage of money domestically was also a problem with the Government not always able to meet current bills despite high levels of inflationary domestic borrowing. Current account spending remained hard to curb as budgetary estimates for the present Iranian year rose by 10.5% over the previous.

Faced with these problems, with substantial overruns on such major industrial undertakings as the pipeline and the Shahpour Petrochemical plant and with the real possibility that oil revenues next year may not meet Development Plan targets, the Plan Organization is reviewing priorities in recognition of the insufficiency of available resources to finance all projects within the framework of the Fourth Plan. Thus some major Plan projects appear to be in for delay.

But if Iran in its short term development goals has bitten off more than it can comfortably chew, there appears to be little danger that it will choke. While maintaining balance in the economy will continue to be difficult in face of Imperial pressures for rapid development and military purchases, even at the top there is growing awareness of the limits of possible progress. Steps seem to be underway to tailor the economy closer to the possibilities. Though this may result in a reduction in the present unusually high growth rates, the outcome could be a more orderly and healthy development.

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4. Iran - U.S. Relations

The character and content of U.S. - Iran relations remained essentially unchanged during the past six months and the rapport and understanding underlying these ties survived intact despite some minor strains along the way. Particularly important was the occasion afforded the Shah by his attendance at the Eisenhower funeral for the early renewal of old acquaintance with President Nixon and for personal contact with other leaders of the new Administration. The participation of Secretary Rogers in the CENTO Ministerial Conference in Tehran in May reinforced this atmosphere of personal rapport between leaders of the two governments. The outstanding success at the end of the period of the Apollo 11 moon walk received unprecedented attention in Iran and elicited the emotional involvement of Iranians of all walks of life. It gave an enormous boost to U.S. prestige and renewed luster to the image of U.S. technical and managerial superiority. The official visit to Washington of the Shah scheduled for October should reinforce further the important personal element in our relations.

The relationship of the U.S. to Iran even in the context of Iran's expanding "independent nationalism" remained that of primus inter pares with much of our retained special status deriving from the key military cooperation which the Shah values so highly. Negotiations on the Military Sales Program (7th tranche) came around again, and agreement was reached with dispatch despite the fact that the Shah's professed requirements particularly for F-4 aircraft far exceeded tranche fund limitations. Appreciation on both sides of each other's problems helped reach a satisfactory solution whereby the majority of F-4's could be ordered on a "dependable undertaking" against future payment perhaps with U.S. Government credit. One area of potential difference arose which was not entirely resolved--the question of employing U.S. Air Force technicians to service jet aircraft that might be used if differences with Iraq were to turn into hostilities. The question of redeployment of U.S. personnel to the south with the aircraft came up informally, and was withdrawn when we informed the Iranians that such a request might raise serious problems in Washington. The incident probably reminded the Shah of the U.S. posture toward Pakistan during the Indo-Pak fighting, and the question may be raised again when the Shah goes to Washington.

The annual oil negotiations between the GOI and the Consortium were even stickier than usual. At times they threatened to lead to an impasse,

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but agreement was eventually reached. The flat and unexpected Consortium announcement to the Shah in February that the $1 billion in oil revenues desired by Iran for the next year simply would not be produced led to a very strong reaction. Negotiations continued haltingly thereafter with the GOI steadfastly refusing to reduce demands and threatening various measures including enforced government partnership on the Consortium. Conciliation was hindered by the Consortium fear that compromise this year would earn only larger demands in the next, but eventually the Consortium found an acceptable formula combining increased offtake with a year-end renewable advance making it likely that the year's revenue - though not the income from oil production - would reach Iran's targets.

More routinely, the bilateral agreement between Iran and the U.S. for cooperation in civil uses of atomic energy was renewed with no more than expectable delay as was the U.S. - Iran IAEA Trilateral Safeguards Agreement. A mutually acceptable text for an investment guarantee agreement finally was found which was approved by the Cabinet and sent to the Majlis. Civil air discussions took place regarding Iran's desire to amend our bilateral air transport agreement, but ended--amicably--without any changes agreed to. The closing of two of the USG's four consulates in Iran in connection with BALPA was regretted locally but apparently understood. U.S. trade continued to grow roughly at the same pace as Iran's total trade with U.S. exports accounting for about 18% of Iran's foreign purchases and with U.S. buyers taking about 10% of Iran's non-petroleum exports. For the first six months of 1969 U.S. exports to Iran totalled about $160 million and U.S. purchases from Iran about $50 million (including petroleum products). Active discussion took place and some progress was made in most of the several outstanding commercial disagreements between U.S. firms and the GOI--Shahpour Chemical Company, Ahwaz Pipe Mill, Cashmere wool, etc.--but did not lead to the final resolution of any of them. The failure of the USG to come out in support of Iran in its dispute with Iraq over the Shatt and our lukewarm support for the Shah's international welfare legion scheme undoubtedly caused some disappointment in Iran but evoked little comment.

The annual oil and military sales negotiations will come around again in succeeding months to test U.S. - Iran relations. The gap in Iran's anticipated oil revenues and the Consortium's projected payments for the next Iranian year may be even larger than in the past year. There is some indication, however, of a growing awareness on the Shah's part that changing world market conditions do not support Iranian intransigence, so Iran may prove to be more reasonable than in 1969. The military sales negotiations

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for the next tranche also may prove troublesome. The Shah's "requirements list" continues to grow in the face of his acute concern that Iran's armed forces be more quickly modernized in preparation for the British withdrawal from the Gulf. But if our problems persist, there still would appear to be the mutuality of interest, reciprocal trust, and desire to cooperate necessary to soften differences and ease the way to understanding.

5. Iran and the Persian Gulf

Iran's posture in the Persian Gulf during the period under review was a mixture of moderation and restraint with muscle flexing diplomacy which led to the confrontation with Iraq on the Shatt-al-Arab (see Section 6). The Shah continued to let everybody know that Iran, as the major riparian power, intends to play a leading role in the area after the British withdrawal, and he repeated that no major power would be welcome in the Gulf after 1971. When British Conservative Party Leader Edward Heath indicated that HMG might reverse its policy if the Conservatives win the next election, he was politely but firmly told that HMG would not be welcomed back by the GOI. The Shah also resurrected in quiet fashion the overture (which he had mentioned since the spring of 1968) to Saudi Arabia and the other riparians to join him in a common defense policy for the area, and he called on us to give up our base porting facilities at Bahrain, suggesting that the port might be used as a joint naval base under the proposed joint defense arrangement.

The Shah continued to refer to his New Delhi statement eschewing force as basic to his policy re Bahrain. The Iranian public attitude toward the FAA became more restrained, as it seemed to change from a flat "No federation which includes Bahrain" to a "No federation which includes Bahrain until that question is settled." The GOI continued to remind Gulf Sheikhs that Bahrain could not now be included in the FAA, but meetings and developments of the federation drew little Iranian reaction in the press or in private. There were hopeful signs toward the end of the period that quiet diplomacy might pay off and that progress on the difficult Bahrain question would in fact be made. The GOI let pass without official or press comment the information that Shaikh Isa would visit London and Washington.

Iran continued its efforts to harmonize its relations with Saudi Arabia. Saudi Foreign Minister Saqqaf visited Iran in April, and while nothing definite emerged, it did help keep going the momentum of improved Saudi-Iranian relations. Moreover, agreement was reached between the two countries on the nettlesome question of the pilgrim traffic between Iran and

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Saudi Arabia. On the negative side, Iran's break in relations with Lebanon and the Shatt confrontation may have made King Faisal doubtful of Iran's real intentions, though we have as yet seen no indications of this in relations between the two countries. As the period closed, Faisal did not expect to visit Iran in October. Saqqaf himself was reportedly somewhat concerned by the apparent Iranian belief that only force would impress the Iraqis and, presumably, other Arabs.

There was some slight slippage in Iran's position in the Lower Gulf. The Sheikh of Sharja, scheduled to visit Tehran earlier in the year to discuss Abu Musa, was noticeable by his absence. And, the previously hoped for progress on the Tunbs was not forthcoming when the Sheikh of Ras al Khaimah refused to confirm the agreements. The GOI did not appear concerned about these developments. As far as we know, the continued negotiations yielded no progress on the Median Line agreement with Kuwait though agreement has been reached on a continental shelf accord with Qatar, with signing scheduled for this month.

Iran kept wooing the Sheikhdoms of the Gulf. The Crown Princes of Abu Dhabi and Dubai visited Tehran as part of the Government's continuing program of bringing in Gulf sheikhs though both appear to have been losers. An Iranian consular delegation made a three-month tour in the area, renewing and issuing passports and assuring Iranian nationals there of the GOI's interest in them. But perhaps more important was the visit of Senator Abbas Masoudi, publisher of Ettelaat, who toured the area with the Shah's blessing. Masoudi met with officials of the area, including the Ruler of Bahrain. Significantly, he was the first official Iranian to meet with a Ruler of Bahrain for many years. On his return to Tehran, Masoudi wrote a series of articles on Bahrain and the Gulf Sheikhdoms notable for its balance and lack of militancy and the overall impression it conveyed to Iranians of general suspicion and misunderstanding of Iran's intentions on the south side of the Gulf.

6. Iran and Iraq: The Shatt Confrontation

In March of this year the GOI decided to join issue with Iraq over the Shatt-al-Arab, an old bone of contention. Why is not fully clear. There were some harassing incidents and the Iraqis treated a high-level Iranian delegation visiting Baghdad for talks rather high-handedly. But the prospect of negotiating a new Shatt regime (which recognizes the thalweg rather than the Iranian low water mark as the boundary) with the shaky

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Baghdad Government was not considered likely by the GOI and the assertion of the right of Iranian vessels to fly the Iranian flag, which was effected, hardly appeared sufficient to warrant the extended and costly face-off. We are led to conclude that the GOI saw what it regarded as a low-risk opportunity to impress the Iraqis--the leading Arab military power on the Gulf--and, more generally, other radically-inclined Arabs, with Iran's military strength and, hence, its legitimate claim to Gulf leadership. With Iraqi troops committed against Israel and fighting the Kurds, the risks doubtless appeared quite limited.

The confrontation may have had its roots in the visit to Iran of Iraqi Deputy Prime Minister and Defense Minister General Hardan al-Tikriti last December. Tikriti, who reportedly sought Iranian support in his struggle for power at home and who seemed, at that time, to be gaining the upperhand, was zealously courted by the GOI. His visit gave rise to some optimism in the GOI on what to expect in its relations with Iraq. Despite divided opinion between the Iranian intelligence services and governmental agencies, the Khalatbary mission left for Iraq in late January to discuss the Shatt and other questions. When the Iraqis refused to discuss the Shatt and, treated the delegation rudely, the Iranians left in a huff.

Developments moved fairly rapidly thereafter. The shooting and harassing of Iranian fishermen in the Shatt were blown up out of proportion; a more serious incident, the stopping and searching of two Iranian river boats, soon followed. The diplomatic word battle was climaxed on April 19 when Iranian Acting Foreign Minister Afshar publicly denounced the 1937 treaty as against international law and on the basis of Iraqi non-compliance with certain key provisions. While indicating a willingness to negotiate, Afshar warned that Iran would meet fire with fire in the Shatt. In the meantime, Iran had moved concentrations of troops and armaments into the Shatt area and had taken precautionary steps at other defense installations throughout the country.

Despite earlier GOI declarations that all ships destined for Iranian ports would have to fly the Iranian flag and carry an Iranian pilot, it soon became clear that only Iranian shipping was involved. (Foreign flag companies, for a variety of reasons including the question of insurance rates and navigational safety, showed no willingness to allow their ships to be taken up the Shatt with Iranian pilots.) With the passage down the Shatt of two Iranian flagships with Iranian flag and pilot (and, it should be added, naval escort) in late April, tensions began to abate somewhat and Iranian officials began claiming that "objectives" had been reached. SR

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actuality, the sole change which has come out of the confrontation is a new river regime for Iranian ships to and from Iranian ports.

This of itself could be more important in the future than it appears at first glance, since the Iranians might hope to use it to validate the treaty denunciation and to help force treaty negotiation. To date, despite the well-intentioned interest of several countries and the special conciliatory work of Jordan, Iraq has shown no willingness to go to the bargaining table on the tough terms proposed by Iran and the issue continued to sort of roll along, though Iranian public interest and concern have receded and some armed forces have been pulled back.

Most of the irritants between the two countries remain: Iraqi cooperation with General Bakhtiar; Iraqi activity in the Gulf, the flagrant anti-Iran propaganda coming out of Baghdad and the mistreatment and expulsion of Iranian residents in Iraq. Most recent GOI figures on those arriving in Iran from Iraq put the number at 18,600. Iran has replied and has, to some degree, fought fire with fire. The Iranian press and radio campaign against Iraq has continued with only occasional let-up. Iranian assistance to the Kurds, long suspected by the Iraqis, apparently was stepped up during the Shatt crisis in the hope that the additional pressure could bring down the Baghdad Government. As the period closed, the two remained poles apart with no signs that the gap might close appreciably in the near future.

7. Iran and Other Countries

In general, Iran continued its efforts to strengthen its ties with countries not covered above. Exceptions were Iraq (Section 6), and Lebanon with which Iran broke relations after long and rather bitter negotiations over the extradition of former SAVAK Chief General Bakhtiar proved unsuccessful. The Shah's personal vendetta with Bakhtiar made this something of a special case but it still seemed to represent a victory of personal pique over common sense.

The GOI paid special attention and devoted particular effort to preserving its intimate relationship with Pakistan following Ayub's fall. Iran early announced its support of the Yahya Khan government and Hoveyda was the first foreign leader to visit Pakistan (in May) following the institution of the Martial Law Administration. The communique reiterated Iran's support for Pakistan's position on Kashmir, and we understand Hoveyda gave private assurances of Iran's support for Pakistan in the event

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of hostilities with India, while Pakistan on its side announced its understanding of Iran's position on the Shatt. Additional visits to Iran by Air Marshal Nur Khan and West Pakistan Governor Rahman, followed in mid-summer. With the other CENTO-RCD ally, Turkey, there was no continuance or recurrence of the critical press exchanges or Iranian attack on Turkey's opium cultivation policy (See A-317, November 23, 1968). Though the prospects do not appear bright for the construction of the Persian Gulf-Iskenderun oil pipeline publicized at the conclusion of Prime Minister Hoveyda's June visit to Turkey, the visit seems to have generated considerable goodwill and relations seem to be on an even keel. As regards CENTO itself, the Ministerial Council meeting in Tehran in May appeared to reflect somewhat greater tolerance and appreciation on the part of the regional members in the wake of the Soviet invasion of Czechoslovakia and reiterated U.S. support for the organization, although one could not discern marked enthusiasm or optimism over CENTO's prospects.

With Afghanistan the Helmand waters question remained outstanding. Some progress was made toward a solution earlier in the period, though momentum slowed by early summer when negotiations apparently became stuck on the question of an Afghan commitment to call some water in addition to that in the basic agreement. Overall relations between the two countries improved and were ostensibly better than they ever had been, though there was some Iranian mistrust of the Chinese and Soviet roles in Kabul and unhappiness over Afghan differences with Pakistan.

The GOI also kept its interest in expanding the friendly relations with India growing out of the Shah's official visit to India in January. Indian Foreign Minister Dinesh Singh led a trade delegation in talks which discussed a number of commercial subjects, including the transit of Indian goods to Western Europe and the Mediterranean countries, the large-scale sale of Iranian petrochemicals, particularly ammonia for fertilizers, to India and certain joint industrial ventures.

Fence-mending went on with non-Gulf Arab states. King Hussein and his Prime Minister paid separate visits to Tehran and manifested an active diplomatic role. Apparently in response to Hussein's urging, the Shah made a searing effort to conciliate the UAR by dropping his demand for a formal apology as a condition for resumption of diplomatic relations. The diplomatic exchanges which ensued through third countries yielded no visible progress, but the Iranian press has been noticeably restrained toward the UAR and the UAR seems to have been notably quiet on the Shatt dispute. Both for his own

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interests and as indication of Jordan's relations with Iran, Hussein made vigorous, though as yet unsuccessful, attempts to bring Iran and Iraq to the negotiating table on the Shatt issue. Not too much substantive basis was developed for expanded relations with the moderate Maghreb states. But the Shah and the Empress paid a successful visit to Tunisia in April, while both Morocco and Iran kept plugging away at the phosphate/oil deals and kept the atmosphere sweetened by goodwill visits of various ministers, including Prime Minister Hoveyda who left with his wife for a six-day stay as King Hassan's guests in mid-August.

The GOI continued to express its opposition to the use of force to secure territorial gains, to call for the withdrawal of Israeli forces from the occupied territories and the restoration of Jerusalem to its former status, and to affirm support for the people of Palestine. The Shah has indicated a belief that Israel has been too stiff-necked for her own good in the post-June war period. At the same time, Iran continues to accept Israel's right to nationhood and considers the threat to push the Israelis into the sea unrealistic.

Outside the region, the visit of FRG Finance Minister Strauss to Tehran in April, and the trip of Prime Minister Hoveyda to Germany later the same month evidenced the mutual desire for increased economic and political ties. The visit of the Malaysian King and Queen to Tehran was a ceremonial and protocol success with nothing of substance emerging from the visit.

8. Iran-Communist Relations

Iran's continuing policy of rapprochement with the Soviet Union and the countries of Eastern Europe brought some increases in trade and economic cooperation during the reporting period, but, in general, the period was one of business as usual. The Shah's primary motivation in those relations remained to receive the economic benefits of enlarged markets for Iran's petroleum resources and other exports, of credits for development spending, and of badly needed technical assistance. The Shah continued to believe that Iranian support for the more independent-minded bloc countries could usefully contribute to their independence. Relations with the bloc continued to enhance Iran's image internationally for an independent foreign policy and the Shah's stature at home as its enlightened and unfettered architect.

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Commercial and economic contacts between Iran and the USSR proliferated during the last six months, but with very few apparent tangible results. High-level economic talks took place during the visit to Tehran in April of Soviet Deputy Premier Baybakov and during the visits to Moscow in May of Iran's Minister of Economy at the head of a large delegation and in June of Iran's Minister of Roads. A return visit by a Soviet trade delegation is expected during the next month. Iran staged a trade exhibition in Moscow with small but reportedly favorable results, and representatives of the southern Soviet Republics bordering Iran visited the country in an effort to expand direct trade across the frontiers, now very limited. In activities underway, satisfactory progress continued on the Soviet supplied steel mill, the gas pipeline moved ahead but behind schedule and at a cost far in excess of early estimates, and agreement was reached to extend the program of soviet-assisted silo construction. Reportedly agreed to in principle were plans for cooperation in electrification of the Tabriz-Jolfa rail line and improvement of Soviet connections. The numerous other cooperative undertakings discussed in the past, though regularly heralded in the press, showed no real progress. A Soviet proposal for joint drilling and exploitation of potential oil fields in the Caspian was turned down for now. The Shah floated the idea of a trans-Iran oil pipeline to carry Arab oil from the Gulf to the USSR, but inherent difficulties in the project and the strong objections of the U.S. and Britain (not yet formally communicated to the GOI) make it unlikely anything will come of the idea at least for some time to come. Agreement was reached for the Soviets to construct an $8 million rebuild facility to maintain USSR-supplied military vehicles. Otherwise Iran continued to purchase unsophisticated military equipment from the USSR under previous credit arrangements without significant changes in kind or quantity. Exchanges of technical personnel increased, albeit under Iran's watchful eye, and by August 1969 there were an estimated 1200 Soviet technicians in Iran (plus families) and some 230 Iranians undergoing training in the USSR.

The expansion of Soviet activities in Iran did not shake GOI confidence that it could adequately control the Soviet presence. Suspicion of larger Soviet goals did not diminish, and non-economic contacts remained under restraint. The go-ahead was given for opening new Soviet consulates in Isfahan and Rasht, Soviet vessels were permitted a short visit to Bandar Abbas in July, and the Soviet Circus came to Tehran for a very favorable run; but overtures for student exchange reportedly were declined, and controls on training in the USSR were maintained. The Soviet-inspired notion of a regional transit-trade conference in Kabul was generally favorably

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received by the GOI, but Soviet proposals for a regional security arrangement met with general scepticism. Clear reminders of competing Soviet interests inimical to Iran's were provided by Soviet support for the exiled Tudeh Party which continued its clandestine broadcasts, participated in the International Communist Party Congress, and staged a demonstration in March in front of the Iranian Embassy in Moscow against earlier student trials in Iran. The Shah also privately expressed (but not to the USSR) his concern over Soviet arms deliveries to his unfriendly Arab neighbors, Iraq and Syria, whose possible union under/leadership/was becoming a growing worry, and over Soviet naval expansion with its potential implications for Iranian policy in the Gulf. Indicative of these larger differences with the Soviet Union, the press was permitted unusually free discussion of and critical comment on such subjects as the anniversary of the Hitler-Stalin pact and the invasion of Czechoslovakia.

Among the countries of Eastern Europe, Iran remained most closely linked to the more independent-minded countries - Romania, Czechoslovakia and Yugoslavia. During the visit in June-July of the Romanian Foreign Trade Minister, agreement was reached in principle for expansion of barter trade, and discussion of enlarged and improved economic cooperation took place. It was later announced that Romanian President Ceausescu would pay an official visit to Iran in September, reportedly at the head of a high-powered economic delegation. Czechoslovakia signed new agreements with Iran providing a $200 million credit for capital purchases and extending barter trade arrangements, and it was learned that Czech President Svboda would visit Iran in November. Deputy Prime Minister Ponderac of Yugoslavia came to Iran in April. Yugoslavia agreed to run an agro-industry project in the south of Iran, and Iranian interest remained high in a trans-Yugoslav oil pipeline for the supply of crude to Czechoslovakia and Hungary although progress was stalled over financing and other problems. While trade and aid remained the foundation of Iran's relations with these countries, the element of support for their efforts at independence was clear. Undoubtedly the scheduling of the Ceausescu visit at a time of visible Soviet displeasure toward Romania, and the selection of Svboda, the last top-level survivor of the pre-invasion period, to represent Czechoslovakia, were partly designed to strengthen, to the limited extent Iran's support might be important, the liberalizing tendencies within the bloc.

Also worthy of note was the visit of Minister of Economy Alikhani to Hungary and Poland in May which led to a new long-term barter agreement with Hungary. East Germany's support of Iraq in the Shatt-al-Arab dispute caused

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Iran to cut off the limited trade between the two countries, and Iran also supported FRG efforts to block East German membership in WHO. In the only development concerning other diplomatically unrecognized communist countries, five North Korean journalists were permitted to visit Iran for one week to study the White Revolution.

9. The Government, Parliament and the Parties

Despite persistent rumors of his imminent departure, Prime Minister Hoveyda remained firmly at the head of his government during the period. In fact, his position appeared to have been strengthened within the government by personnel changes in the cabinet and other government offices. A two-step cabinet shuffle in July and August removed Minister of Economy Alikhani, Minister of Interior Khosrovani, and Minister of Development and Housing Mikpay from the cabinet. In an internal shift Minister of Agriculture Hassan Zahedi was moved to the Interior spot, and three new men -- Mahrang Ansary as Minister of Economy, Iraj Vahidi for Agriculture and Mohamad Yeganeh for Development and Housing -- all with established reputations as hard working and effective administrators were added to the government team. The departure of Alikhani and Khosrovani, as well as the enforced retirement from the Interior Ministry spot at the end of 1968 of Abdol Reza Ansari, put to the side senior, independent-minded officials with the position, experience, potential base and probable desire to become formidable rivals to the Prime Minister. The new men brought to the cabinet, like those at the end of 1968, for the most part were younger men with demonstrated technical or managerial skills who added to the image of the cabinet as a team of professionals and who could be expected to work more closely with the Prime Minister than their predecessors.

At a time of particular quiet domestically, internal administrative changes seemed perhaps the most significant events. During the past year a total of 12 changes in cabinet positions, involving 16 people, were made. Equally significant personnel changes brought new faces at the end of 1968 to head the Plan Organization and Central Bank. Both of these important economic departments have since experienced extensive personnel changes or transfers of responsibility in key areas as have several of the Ministries under new management. In general the shifts have enlarged the number of modern managers in key places and have made a better match of talent and responsibility than was heretofore the case.

There was also the modest beginning of meaningful decentralization of authority to the provinces. Regional officials of the Ministries of

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Health and Land Reform in particular reported effective increases in their authority to control local budget expenditures and personnel supervision.

A redivision of provincial boundaries along more manageable lines and an increase in the authority of provincial governors both seemed in prospect for the not-too-distant future. New impetus (though uncertain direction) was given to reform of university education with a second meeting in the presence of HIM of university chancellors and higher education officials, and with the appointment of Alikhani as Tehran University chief. The conviction of high officials of the government-run United Bus Company for misappropriation which had been uncovered by the government's High Inspectorate gave some credibility to anti-corruption efforts, but the relatively light sentences imposed largely vitiated the impact.

Parliament performed its role of law-making body with, if possible, even less conviction and perseverance than usual. The vote of bill-passing unfortunately was devoid of incidental lively issues, and on those questions that might have sparked dissent (e.g., opium cultivation, emergency military spending authority) the clear interest of the Court stifled discussion. The noise that did come from the Majlis consisted largely of timely demagoguery against such some-time national enemies as the oil companies and Iraq.

An announced move at the beginning of the year by Iran Novin Party Secretary-General Khosrovani to purge the party of its "opportunistic and individualistic elements" fizzled when the party's 200-man Central Council made only minor changes in the Executive Committee. The division in the party between the more traditionalist Khosrovani group and a body of elitist detractors continued amid charges that the Secretary General was misusing his cabinet position to place party and personal supporters in positions of influence, but took a turn toward resolution with Khosrovani's dismissal from the cabinet and resignation from his party position in August. A special meeting of the Party Congress called for September gives prospect of new departures for the party as well as new personnel.

Nothing of consequence happened among the loyal opposition. The Mardom Party remained as apathetic and inconsequential as ever despite the Shah's renewed verbal support for the two-party system at the end of 1968. The Pan Iranists remained the highly-vocal spokesmen for rampant nationalism, continued organizing particularly in the south and Kurdestan, and in Europe held a "party congress" and other meetings with Iranian students. There were no signs, however, that the Shah was contemplating any substantial increase

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in scope for Pan Iranist activity beyond its restricted role as a focus for extremist sentiment.

10. Dissent and Internal Security

The Government retained its unqualified control of the political situation effectively unchallenged during the reporting period. Apparent subversive activity was extremely limited and without visible result. In an isolated incident, a small group of young and inexperienced men, reputedly members of the Chicom faction of the Tudeh Party, were apprehended undergoing guerilla training exercises, but otherwise visible communist activity inside Iran was limited to the occasional handbill. In fact, both the communist and non-communist illegal opposition appeared to be at rock-bottom in terms of its present influence and opportunities. Effectively penetrated by the security services, the illegal opposition found itself increasingly without a cause as economic progress and social reform blunted its traditional appeal.

Outside of Iran the Tudeh Party and other dissenters remained undramatically active but of little internal influence. The daily Tudeh broadcasts beamed at Iran from East Europe continued unabated but were forced to recognize Iran's progress and attempt to discount it and explain it away. The GDR increased its efforts to reach Iranian students and other nationals living abroad. It sent Pan-Iranist leaders to Europe to carry the message of the White Revolution to student groups there and inaugurated a program for the voluntary return of erstwhile critics of the Government (see below). The dissidents in exile suffered a setback with the banning of the Iranian students' organization in Austria for unauthorized political activity in picketing the Shah early in the year. Efforts originating largely in Iraq to enlist the Kurdish and Arab populations of Iran in anti-regime activities appeared to be well under control. The arrest in May of a group of followers of Jalal Talabani revealed the existence of a propaganda and recruitment campaign to reach Iran's Kurds but also appeared to nip the plan in the bud. The large numbers of Kurds who had been arrested late last year and early this for suspected anti-government connections for the most part had their cases resolved, and the great majority were released. Among the Arab population there were no signs of meaningful response to the periodic radio calls which urged the liberation of "Arabistan" (Khuzestan) from Iran.

At home the old bug-bear of foreign intrigue was raised again with the publication, banning, and wide clandestine circulation of a book reading

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high officials including the Prime Minister and the President of the Senate as members of the Masonic Orders in Iran and detailing charges that the Orders had been the tool of the British intelligence services. In apparent retort by some of those named as Freemasons, a counter-list of so-called CIA agents in Iran was put out which included American-trained members of the cabinet. While the charges and counter charges provided new brushes for the tarring of old enemies, the drama receded without any major repercussions though there may have been inroads on the influence of some of those named. The flurry the book and list caused was mainly illustrative of the absence of real issues to occupy the domestic political scene.

Despite its assured position, the Government remained alert to possible expression of dissent. Press control and censorship, if anything, became more stringent. The latent opportunity for developing independent expression through television dissolved in the nationalization of the country's one commercial network, and the Government was also reported to be planning the "consolidation" of the press into fewer publications. Student disturbances were few, and those took the quiet form of limited class boycotts within faculties in support of local complaints. Likewise, the occasional labor disputes that occurred were limited to brief work stoppages or slowdowns in support of local grievances. But even in these cases the government was quick to move to end the strikes and, where it felt the need, employed arrests or military conscription to ensure compliance. There was no evidence of organized opposition among conservative bazaaris or Moslem leaders, and the Government's program of selective support of younger Shiite leaders appeared to be nudging the religious community toward larger acceptance of social change and modernization.

Within the atmosphere of continuing restraint, there were some semi-liberalizing developments. Among industrial workers, labor organization--admittedly controlled--was being encouraged. Broader organization of university students was also being permitted, although the scope of student interest was still limited to extracurricular activities. A program was begun to permit the return to Iran, with GOI assurances, of critics of the regime living in exile who might contribute to national development, though their employment will be restricted to non-sensitive areas. Press and public criticism of tangential groups such as municipal governments and relatively free discussion of peripheral issues continued to be allowed. While none of these actions was specifically intended to promote a free society as such - and in fact some may have been taken to help control the process of inevitable social change - they could conceivably contribute to the pressure for lessened restraints. However, unless and until these pressures

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mount considerably there is little reason to expect significant change in internal controls.

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Reform in Iran

Tehran A-630, May 22, 1967

TABLE OF CONTENTS

		Page
	SUMMARY AND INTRODUCTION	2
1.	Land Reform	2
2.	Nationalization of Forests	4
3.	Sale of Government Factories	5
4.	Workers Profit Sharing	5
5.	Election Law Reform	6
6.	Literacy Corps	6
7.	Health Corps	7
8.	Extension and Development Corps	8
9.	Houses of Justice and Arbitration Councils	9
10.	Nationalization of Water Resources	10
11.	Reconstruction of the Country	10
12.	Administrative and Educational Revolution	11
13.	Other Measures	12
	COMMENT	13

Group 3
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(Contributors: EPPrince, ALRaphel, LWSamakis)

SUMMARY AND INTRODUCTION

As the economy of Iran has moved ahead and the country has enjoyed unprecedented stability, the Shah has continued his efforts to maintain his image as a modernizer and reformer. He continues very much the man in a hurry, anxious to accelerate Iran's development. A large part of his public image is based on his desire to solidify the concept of modern monarch, interested in the welfare of his people, pulling his nation forward.

Since the announcement of the original six-point White Revolution in 1963, enunciation of reform has become the order of the day in Iran. The original program was expanded to nine points in 1965 and later increased to twelve. Other reform measures have been identified with the White Revolution piecemeal to reinforce the identification of the Shah personally with change and progress in Iran.

Some of the programs are meaningful, some are not. Most do make some contribution, however, to the overall impression of reform. From the average Iranian's point of view, half a loaf is probably better than none, and he is willing to tolerate the large doses of Government propaganda which accompany most new programs for the measure of real economic and social progress he sees in the country. His share in the increased average per capita income may be modest, but he now has the hope that things can be better for his children and grandchildren. There is, of course, the inherent danger in this process that additional expectations will be awakened. Need for reform will continue on the agenda, if the Shah is to sustain the impression of a reforming as well as a developing Iran.

END SUMMARY AND INTRODUCTION

1. Land Reform

Land Reform, the heart of the Shah's White Revolution, has gone through a number of phases. The first phase required large landowners to sell all of their holdings except one village to the Government to be distributed among the peasants working the land. Under the second phase, owners of one village were given the option of selling all their remaining lands to the farmers, dividing their holdings among the farmers while retaining a portion for themselves, or leasing their land for thirty years. By spring of 1969, 209,708 landowners had leased their lands, making a total of 54,183 (of the approximately 62,000) villages, 19,020 farms and 2,414,447 farmers directly affected by the provisions of the Land Reform.

Concurrent with the first two phases of Land Reform, Rural Cooperatives have been established to supply cooperative members with credit, inexpensive seed and fuel, and the services of extension agents from the Ministries of Land Reform and Agriculture. So far, 8,600 Cooperatives have been established with a total membership of 1,278,389 in 23,697 villages and total capital of

approximately $19 million (i.e., an average of about $2200 per cooperative).

Definite improvement was made in the agricultural sector with the implementation of the first two phases of Land Reform. The average increase in agricultural production of 3.4% over the past five years is cited as proof of the effectiveness of the program, though improved weather conditions should not be discounted as a contributing factor. The Agricultural Bank, the prime source of small loans for farmers, has given over 1.6 million loans with a total value of 15.6 billion rials (just over $200 million) during the past five years. Improved seed is beginning to be made available through the farm cooperatives and extension agents. Low cost fuel is sold through all of the cooperatives, with the cooperation of the National Iranian Oil Company. The establishment of some marketing centers to bypass the middle man promises a greater income for the farmers and improved control over marketing procedures. Farmers, through the cooperatives, are increasing their participation in village affairs; the Cooperative Boards are elected from among the villagers by the villagers. Farm mechanization is increasing through cooperative purchases of farm machinery. Modern agricultural techniques are being brought to the farmers by the members of the Ministry of Agriculture's Extension Corps, and the Ministry of Land Reform's Cooperative Advisors. Much remains to be done in the field of cooperative development, but a good start has been made.

Generally, the peasants are well aware of the Government's efforts in their behalf. For example, isolated villages, formerly unreached by the central government except to be taxed or to have their sons drafted, are realizing the benefits of farm cooperatives and improved farming techniques. However, despite the progress made in land reform, the great majority of peasants are still tenant farmers--though most of them now share croppers as before--and farm income has increased only slightly. In an effort to improve this situation, the third phase of the Land Reform--broken down into two parts--was begun.

The first major legislation concerning the third phase of the land reform is the Joint Agricultural Stock Companies Bill. Under this legislation, fifteen stock companies, commonly called farm corporations, have been established and 110 more are scheduled to come into existence during the Fourth Plan. A corporation may be established if 51% or more of the farmers--landowners and tenants--in a village or group of adjacent villages request Government permission to form a corporation. If permission is granted, all the farmers must remain in the corporation at least five years. The membership elects a five-man governing board of three permanent and two alternate members. A general manager, chosen by the Ministry of Land Reform, is an engineer who helps the corporation implement the board's decisions.

The purpose of the farm corporations is to introduce large-scale modern farming to Iran. While no one can take issue with the desire to increase

agricultural production, it is not clear what will be the reaction of the small farmer when he realises that the move to farm corporations to some degree reverses the land reform program. Although the farmers will still hold legal title to the land, the corporation will in effect control it. This will become clear to the farmers when they are told what they should plant by the corporation or when they realise that they can not dispose of their land without the corporation's permission. If ownership of a share or shares in an agricultural corporation is to provide the psychological satisfaction of outright ownership of a plot of land, it will have to be demonstrably more profitable to the participants.

In what is regarded as the second part of the third phase of the Land Reform, legislation under which tenant farmers could become land owners was enacted in early 1969. The farmers would continue to pay rent for twelve years after which the land would belong to them. (The twelve-year figure was chosen as the approximate value of the land.) To insure that landlords selling their land are reimbursed, the Government will give them industrial notes if the peasants default in their payments. The notes may be used as credit to establish small scale industries to invest in industrial and development projects approved by the government, or to acquire fallow or undeveloped land. This legislation, being implemented relatively quickly, opens new horizons for the thousands of farmers who have continued to farm the land as tenant farmers or share croppers and insures them that they too will become small landowners.

8. Nationalisation of Forests

During the past few years, 1.1 million hectares of forest and cultivated lands have been nationalised by the Government (the latter was originally government forest land occupied illegally, improved and farmed over a number of years). While some of the land--particularly that located in the plain areas--will be sold to farmers for agricultural development, much of the forest land will be developed/exploited in the hope that Iran will produce significant amounts of wood and lumber while renewing its forests.

To this end the Ministry of Natural Resources, with United Nations assistance, is trying to improve the forests of the country through reforestation with varieties of trees suitable to the climatic and soil conditions of the particular area being replanted. The Ministry also provides management services to individuals and companies participating in the Ministry's reforestation program.

At the present, the Ministry is directly involved in three quite modest projects for the exploitation of forest products. The smallest of these (also the best managed) comprises 14,000 hectares of forest land; the second involves 50,000 hectares; the third covers an area of 80,000 hectares. The company established to exploit the first project is operating at only one-third

of its capacity because of the lack of heavy equipment. In agreement with the Ministry, a Romanian company will manage the third area, and will import the necessary heavy equipment. A Romanian delegation visited Iran about a year ago to discuss the project, with the public well informed through the press.

3. Sale of Government Factories

Under the first two phases of Land Reform, landlords were given the option of receiving compensation in 6% government bonds or in shares of government-owned factories paying a guaranteed annual dividend of 6%. For this purpose, 55 government-owned companies, valued at 2.7 billion Rials, were registered under the law.

To date, eight (four sugar refineries, two vegetable oil mills, one canning plant and one soap and glycerine plant) have been completely sold to private individuals. In three other cases, all sugar refineries, control has effectively passed to private owners through purchase of more than 50% of the shares. Less than 50% of the shares have been purchased in six other companies. The deterrents to purchase of the remainder, mostly textile mills, are largely the amount of investment required to make the plants efficient, and/or the problem of reducing large numbers of redundant workers. The latter would obviously cause headaches for both the Government and the new factory owner. In any case, the sale of government factories has never been very successful, and even a pro-Government publication has been forced to admit that "the public has not shown great enthusiasm in buying shares in these factories".

4. Workers Profit Sharing

The legislation and regulations adopted for a workers profit sharing scheme call for workers in plants and factories to receive up to 20% of the profits. Over the past five years some 128,000 workers have signed profit sharing agreements with management; however, a recent sampling indicated that in many factories individual workers were receiving profit shares which fell far short of the 20% figure called for by law. In the more profitable industries, the worker's income from profit sharing has equaled approximately one month's wages. In unprofitable industries, such as textiles, the share is considerably less. We are told that management is dragging its feet with the tacit approval of the government, which does not want to unleash inflationary forces on the economy by increasing labor costs in Iran. The government, however, for political reasons continues to publicize the legal rights of labor according to this scheme, and Iranian workers (as evidenced during a recent annual Workers Profit-Sharing Seminar in Tehran) appear to have become more conscious of their rights (see A-115).

One is led to the conclusion that more vigorous implementation of profit sharing is also difficult in Iran for the same reason the stock market does not yet have a large participation: both require that the books of the enterprise concerned be accurate and open. This raises interesting questions of taxation, amounts owed to the Government, and other potentially embarrassing subjects.

It is fair to assume that the "workers' profit share" is agreed upon by factory owners, workers' representatives and representatives of the local Labor Office who meet, bargain, and decide on the amount to be paid to each worker. It is too early to expect that workers' representatives are sufficiently capable, or will be permitted, to question such items as the owner's profit margin, costs, net income, etc., and despite the apparent good intentions which went into the initial proposal, the Iranian worker probably is aware that he remains in the hands of the factory owner and the Government.

5. Election Law Reform

The Ministry of Interior, under the leadership of former Minister Abdol Reza Ansari, took advantage of changes in the election law in recent years to streamline the mechanical procedures of the election process. As a result, Iran was able to conduct a smooth, country-wide Parliamentary election in August, 1967, followed by Municipal Council Elections in the larger cities and towns in October, 1968 (see A-864). Instructions for the elections and ballots were issued relatively quickly and efficiently so that the voting took place on one day throughout the country. A very impressive communications network, centered in Tehran, permitted election results to be reported from many areas of the country in a matter of hours, giving dramatic testimony to the progress achieved by the Shah's election reform program. These elections were in sharp contrast to Iranian elections before the Shah launched his reform program when the balloting took days and irregularities were easily undetected.

Despite the new and welcome administrative efficiency, the elections were hardly free and open in the Western sense. Results were obviously predetermined and there was no real contention in any electorate that was not resolved before the balloting took place. The election reform has made improvements in the mechanics of elections which is useful preparation for meaningful political contests in the future but the development of true elections is dependent on more fundamental political reform.

6. Literacy Corps

Since its inception six years ago, 52,000 young military conscripts have participated in the Literacy Corps, teaching 1.5 million Iranians in 17,000 villages to read and write. Corpsmen have also helped build thousands of

village schools, numerous public baths, mosques, and village roads, and have planted some three million trees. Presently there are 9,000 corpsmen working in 7,000 villages throughout the country. This is the largest number of villages covered at any one time since the beginning of the program. The practice has been for teachers assigned from the Ministry of Education to replace education corpsmen after the latter have established a viable educational program in a village.

Only this year, the GOI announced the first infusion of women into the Literacy Corps. There are now two thousand young women between the ages of 19 and 28 serving in the rural areas. The Government is hopeful that female Corpsmen in the villages will help attract village women and girls who until now have been reluctant to attend classes conducted by a male Corpsman. (In villages visited by an Embassy Officer, the percentage of girls to boys in Literacy Corps classes has always been about 1 to 10.)

The Literacy Program has been one of the most dramatic and successful of the Shah's reforms, a substantial factor in the more than doubling of the literacy rate from 1956 to the present. A side benefit of the program has been the entry of discharged Corpsmen into the teaching profession. Twenty thousand of those who participated during the first six years have chosen to join the Ministry of Education as teachers. During the past two years, the Ministry has found it increasingly difficult to attract them into the teaching profession since most are offered more money and better working conditions by the new industries opening in the cities and towns; however, the Ministry is hopeful that the women Corpsmen will be more likely to continue teaching, thus strengthening the manpower resources of the Ministry.

The principal criticism of the program is directed at the lack of follow-up in the program. Once a villager is taught to read and write, little effort is made to provide him with followup. If the follow-up programs are not strengthened, many of the newly literate are likely to rejoin the ranks of the illiterate. In short, from the Government's point of view, once a villager becomes literate, he apparently joins the statistical ranks of the literate and stays there, regardless of whether or not he maintains his literacy.

7. Health Corps

At the present, there are 1,741 doctors, dentists and pharmacologists, and 3,729 assistants forming about 500 teams engaged in carrying rudimentary health facilities to villages in Iran that have never been touched by a medical facility. Each team, which includes a medical doctor, has a number of villages under its care. (The target for the Fourth Plan is 606 teams.) In addition to their medical work, members of the teams supervise the laying of pipes, the digging of wells, sanitation, and other related activities.

No statistics on the estimated number of villages using the services of the

Health Corps are yet available. The majority of the countryside has not yet been reached but there is little doubt that the presence of the Corps has begun to be felt and is appreciated by those who were until now forgotten.

To augment the Health Corps--since it is difficult to recruit persons willing to serve--the Government of Iran is considering sending medical students to the provinces. This is meeting some opposition from medical men and educators, who say that students simply are not qualified to act as medical doctors or advisors. At the Shiraz Conference on the Educational Revolution, however, the Shah recommended that medical students participate in the program. As with the Development Corpsmen, the presence in the villages and distant provinces of Health Corpsmen--whether they have the MD degrees or not--can be an important psychological factor with the villagers, who might well regard the presence as another of the growing indications that the Government is, after all, concerned with their welfare.

8. Extension and Development Corps

In the almost five years since the Extension and Development Corps came into being, 8,500 Corpsmen have served as apprentice extension agents in the provinces, not only teaching up-to-date farming methods but rallying and encouraging the villagers to undertake village self-help projects.

The Corps has been criticized on the ground that it sends unqualified people to the villages to teach farming methods. Officials of the Corps counter that the Agricultural Extension Service is unable to induce regular extension agents to serve in the more remote areas and that the Corpsmen are better than nothing.

The Corpsmen are not educated agriculturalists. However, they are all high school graduates chosen, in so far as possible, because they have studied agriculture or related subjects in high school. In addition, they do receive some orientation before they are assigned. Perhaps most important, they serve as a communication channel for the Government, both to and from the villages. Psychologically, the presence of a Corpsman in a remote village is a manifestation of the Government's interest in the villager. Assigned for a period of eighteen months, the Corpsman cannot absent himself but must remain on the job until his tour is concluded.

According to officials of the Corps, many of those sent to the provinces become imbued with missionary zeal and a sense of accomplishment, and a number of them elect to go to work for the Ministry of Agriculture on completion of their tours. Thus, as far as the Government is concerned, the Corps serves as a training ground for hard-to-find extension agents willing to serve in less desirable areas.

9. Houses of Justice and Arbitration Councils

Since the opening of the first House of Justice in December, 1963, the government has established 1,573 such houses in the rural areas of Iran serving some 2,000 villages and hamlets. We are told that 1.5 million villagers have access to these centers of rural justice, that is, 10% of an estimated rural population of 15 million. Plans call for the establishment of 800 to 1,000 more Houses of Justice before the close of the current Iranian year (March 21, 1970) and funds have been promised to cover the modest expenditures required for running the system. According to the Ministry of Justice, each House of Justice requires an annual budget of Rials 20,000 ($270) to cover the cost of furniture, stationery, and other necessities. It is estimated that 11,000 to 12,000 Houses of Justice are needed to cover the full needs of Iran's rural population and current projections are aimed at completing the program in ten years.

The Houses of Justice have been highly successful in blending with the "rish sefid" (village elders) system of justice in the villages. In other words, the program has formalized the time-honored system of the village elders dealing with civil matters. More meaningfully, it has also legalized the proceedings, thereby making them more effective. An important benefit is that villagers now have ready redress for their minor disputes--they can now have them legally adjudicated near their own villages, obviating the necessity of traveling to the nearest city to have this done.

At the present time there are 49 Arbitration Councils serving the urban population in Iran's towns and cities. Some of the larger towns have more than one Arbitration Council, with thirty envisaged for the city of Tehran.

Each Council has five members, elected by the residents of the area under the Council's responsibility, and one legal advisor appointed by the Department of Justice. The advisor may refer a case to the Office of Justice if he thinks the Council's findings were inequitable. This happens in only one or two percent of the cases. The Council like the House of Justice may consider a civil dispute with claims not exceeding $130 or misdemeanors with claims not exceeding $15. The Councils have been highly successful so far, with the more active ones in larger cities handling up to 800 cases per month. The Ministry of Justice is presently requesting Majlis' approval to let the Councils handle larger cases.

The Councils, because of their larger, paid, membership and staff and their urban setting require more budgetary expenditures than the Houses of Justice. The annual expenditure for running an Arbitration Council is approximately Rials 600,800 ($8,000). The Ministry expects to open forty more Arbitration Councils this year. We are told that the government has allocated some Rials 30,000,000 ($400,000) for use by the Ministry this year in running the Houses of Justice and Rials 40,000,000 ($530,000) for the Arbitration Councils.

Both the Houses of Justice and Arbitration Councils continue to be popular programs (see A-775, August 19, 1968).

10. Nationalization of Water Resources

Water resources of Iran were nationalized by the Water Nationalization Act of July, 1968. In theory nationalization has given the Government, through the Ministry of Water and Power, more control over the resources of the country which in turn will lead to more productive use of this critical resource. Nationalization has, thus far, had few visible results. Nationalization of water was designed principally to both preserve and scientifically exploit a natural resource. The long term goal is to have the Government survey major agricultural areas, determine the water supply and its recharge rate, then establish limits on water usage for the area. This program of conservation combined with improved utilization techniques will hopefully result in a more efficient, coherent use of water. In comparison with the forests, water resources have probably been utilized more effectively by landlords and farmers. However, because of the use of the "Qanat" method of irrigation (an underground system that supplies a constant flow of water, regardless of need), farmer ignorance and wastage, considerable loss of this valuable resource has resulted over the years.

11. Reconstruction of the Country

This is perhaps the most amorphous of the reform programs, embracing seemingly unrelated legislation, recommendations which were not enacted into law, and points from other reform programs, all under the heading of Reconstruction of the Country. In general terms, the purpose of this reform was originally to properly exploit the natural resources of the country, especially soil and water, for the benefit of the villages. Its scope has been enlarged, however, and now such diverse programs as the construction of earthquake proof houses and master plans for cities are considered part of the reform.

When first announced, there were three main sections of the reform. The first was the establishment of a Ministry of Rural Development. The Ministry was never set up and its proposed responsibilities were assumed by the Ministry of Development and Housing. Second, expanded use of the Development Corps was planned and has been effected. Third, a bill was to be introduced to the Majlis establishing Farm Units - under the control of the Ministry of Water and Power - which would bring modern agricultural teachings to the villages. This bill eventually became the Agricultural Joint Stock Companies bill which established the farm corporations under the control of the Ministry of Land Reform.

Two other programs, which have sometimes been grouped under the eleventh point of the White Revolution, are master plans for the cities and the construction of earthquake proof houses. Master plans have been drawn up for a

number of cities in Iran, including Tehran and Isfahan, but so far it has been difficult to achieve the cooperation and planning between city councils, ministries, and interested parties needed to make a master plan a reality. After last year's earthquakes in Khorassan, the construction of earthquake proof dwellings assumed a renewed importance. However, interest in the program seems to be lagging, and villagers are not willing to assume the extra expense of building special housing without considerable Government financial assistance.

The Reconstruction of the Country section of the White Revolution seems originally to have been a reflection of the Shah's plans to greatly improve village living conditions through a combination of different programs cutting across ministerial levels. Some of the programs have been enacted, but the scope of the reform has been expanded until now it has lost much of its original meaning.

12. Administrative and Educational Revolution

Administrative reform covers a wide field. Almost any Government activity to improve or clean up a particular operation or organization falls under its umbrella. The most spectacular was the discovery of fraud in the bus company operation though others have been more meaningful. The re-establishment in mid-1968 of the Imperial Inspectorate, under the aegis of the Shah, to hear and act on public complaints against the bureaucracy, gave a new momentum to the administrative reform movement. Psychologically this new approach to this age-old problem, involving as it does the prestige of the Shah, could have stirred the imagination of Iranians, but they seem to remain largely skeptical that it will really accomplish much. Many of those singled out for firing have guardian angels in the Palace, the Cabinet or the Majlis, and protection of proteges from these quarters is likely to destroy the program before it gets started.

Civil Service Reform is another cornerstone of the administrative reform. Implementation of the code approved by Parliament in 1966, converting 300,000 government employees to an organized personnel system, will be extended over the next five years. In the meantime, the State Organization for Administrative and Employment Affairs (SOAE) has tried to reassure civil servants that they will not be hurt by the new Civil Service Code by not laying off any employees and by stating that no employee will lose any income through implementation of the Code. Cracks are beginning to appear in this program, however. Both the Plan Organization and Ministry of Foreign Affairs have been exempted from the act and are being allowed to establish their own personnel system. Other ministries are also petitioning the Majlis to be exempted from the provisions of the reform.

Administrative reform is not one of the more promising planks in the Shah's White Revolution, and any advances made under it have been purely marginal

and often coincidental. The Iranian bureaucracy has an almost legendary ability to absorb the waves of reform and cries of outraged citizenry and roll on as before. When the Inspectorate is in a city, certain small positive gains may be made; however, these are often wiped out as soon as the group leaves town.

The Educational Revolution was launched in August, 1968 with a prestigious conference at Ramsar chaired by the Shah. Ostensibly designed to modernize Iran's antiquated universities and supply badly needed technical personnel, the program was also intended to head off, or buy time against, potential student troubles in Iran. In truth, although progress has been made, notably at Pahlavi and Arya Mehr, the overall accomplishments have not yet begun to resemble the promise of Ramsar, and the magnitude and complexity of the problem does not encourage optimism. Those most directly concerned, the students, appear not to have been taken in by the Ramsar Declaration and seem to have adopted a policy of wait-and-see. Chancellors at all but one of Iran's universities were changed, some young new professors - mostly Iranian returnees - have been hired, some old courses have been tightened up, some new courses have been added at some universities, and other changes have been effected. At both Arya Mehr and Pahlavi, real progress has been made toward a renovation and modernization of the educational process. However, both universities are gifted with young, dynamic chancellors who have assembled a highly competent coterie of assistants. Both schools have been only recently established, and have not had to bear the weight of ossified teaching techniques and facilities found at other universities, notably Tehran. Not to be overlooked is the fact that both universities occupy a very special place in the educational scene since both attract considerable attention from the Shah. It remains to be seen if the dynamism and optimistic growth found at Arya Mehr and Pahlavi will become institutionalized or are merely reflections of immediate conditions which may be radically altered in the future. However, the two real grievances--reform of the universities (which primarily means Tehran University) and student participation--have not yet been realized, and the conclusion is inescapable that, although the Educational Revolution has done far created a sense of motion in the White Revolution and has ameliorated a number of minor problems, it has not been able to successfully overcome the many impediments to Education Reform in Iran.

13. Other Measures

A number of other efforts designed to create the impression of movement in the White Revolution have come into the open during the past several months. Back pay for civil servants, promises of improved working conditions in the carpet industry, better treatment for household servants, establishment of a "farhangistan" to purify the Persian language, and formation of a High Council of the National Society for Rural Culture Houses are typical of the Government's efforts. Some of these are treated widely in the press for a few days, only to gently and quietly disappear from the news, leaving the impression that although the Government may have been seriously interested in the measures, their promulgation is partially due to the desire to create the impression of

continued forward motion in the reform program.

Actually, improvements, often unpublicized, are being made throughout the country on a continuing basis: new feeder roads are being opened (though many more are still sorely needed); electricity is being extended to more and more villages; water systems are being built; public baths are being constructed; rural houses of culture are being opened; as noted previously, literacy has more than doubled; the number of secondary school graduates has increased from 77 thousand to 359 thousand in the past ten years; the total number of students has increased from 499,069 to 1,336,300 during the same time; 19 radio transmitters and seven television stations are in operation; there are 325 cinemas in Iran with an additional 300 Iranian Government mobile units; 14 airports are being constructed or renovated; and the life of the villager and poor urban resident is generally being improved. The minimum wage has been raised, for example, from 30-40 rials per hour to 60 rials per hour in Tehran and Khuzistan. Transistor radios are seen everywhere, and motor scooters and bicycles are very much in evidence. In short, villagers and laborers are no longer concerned entirely with the day-to-day problems of making a living but can hope now and then to acquire some of the "luxuries".

COMMENT

Though it some times moves forward in fits and starts, the reform movement has not lost its momentum entirely. A few of the bolder and more imaginative programs have continued to give real meaning to the reform movement, renewing themselves periodically and infusing some life and meaning into the movement. Land Reform has continued in one form or another since the enactment of the original legislation, with the most recent phase providing new impetus to the movement. The Literacy Corps, the Health Corps and the Development Corps, all able to work more effectively in a rural environment free from the old landlord-peasant relationships, continue at a growing rate. New Houses of Justice and Arbitration Councils are being opened every day. The Educational Revolution, less than one year old, still actively addresses the problems of Iran's universities, though results thus far have been limited.

Other parts of the 12-point program have had less impressive results. The Nationalization of Forests and the Nationalization of Water, implemented fairly slowly and, in any case relatively unspectacular, have made little impression and have thus far contributed little to Iran's forward movement. The Sale of Government Factories generated little enthusiasm, and despite continuing Government efforts to sell some of its uneconomical factories, it has had little success. The Workers Profit Sharing Program is still very much on the books, though unlikely, for a variety of reasons, to meet its lofty goals. Election Law Reform has made improvements in the mechanics of holding elections in Iran, but has not resulted in the development of any real political contests. The Reconstruction of the Country was still-born and has continued to be almost completely meaningless. Administrative Reform is still viewed with some scepticism.

The reform program has had its greatest impact thus far in the rural sector. Today, freed from the almost-feudal Iranian landlord system, the peasants own, or soon will own, their land; their lives and their villages are being noticeably improved. They are enjoying other derivative benefits of the White Revolution and the way is being opened for them to participate in the country's progress.

Benefits to the urban population, with some exceptions, can nearly all be traced to the country's general economic progress and not to specific reform programs. Still the growing entrepreneurial class, while not a direct participant in the reform program, shares in the prosperity and excitement it has generated. Labor has not yet benefited significantly from any of the programs, though gestures have been made in its direction. The students will, of course, be the direct recipients of any real progress coming out of the Educational Revolution. Perhaps most significant, if the intellectuals recognize that the bulk of the population is benefitting, they themselves will, to a large extent, be disarmed.

The Shah's image has undergone considerable change during the past few years, largely as a result of his reforms. Peasant awe of former years is being replaced by a new, if still cautious, respect and enthusiasm. While all Iranians do not share this enthusiasm, there is no doubt that respect and admiration for him have increased during the past few years, since Iranians in general do recognize and admit that only he could have forced the program through in such a short time. His successes, though limited in their reform content, have neutralized many of his critics.

It seems safe to say that the Shah's Reform program has contributed to the political stability that has prevailed in Iran for the past several years. It has given the rural population a role in the exciting development of the country and might thereby have dampened down potential rural unrest. It has held out promises to other sectors of the population. The promise of continued reform, however, inevitably raises expectations. The country's sustained economic progress acts to contain any resultant pressures but the consciousness of the need for more far-reaching reform is probably spreading and the problem will have to be addressed again and again, and probably more seriously, if the Shah is to sustain the impression of a reforming as well as a prospering country.

THACHER

YOUTH

Summary

The urban, educated activist youth of Iran comprises only a segment of the total youth population. However, it is believed that the future managers of Iranian society will be drawn from this group. More immediately, as 54% of all Iranians are under the age of 24, the views of this group are important. A constant target of SAVAK, urban activists have muted their dissidence and confined themselves recently to mild protests and sympathy strikes.

Embassy contacts with and knowledge of Iranian youth are restricted to the urban, educated and activist group. This group constitutes only a relatively small segment of the youth population of Iran -- a country in which 54% of the total population is under 24 years if age -- but the views of young farmers and young workers are not well known and even less well articulated. There is general agreement, however, that these youths hew more closely to the line followed by their elders, and they do not, therefore, constitute a notable group in themselves.

Much can be said of the urban activist minority, however. The campus demonstrations of several years ago -- which usually provoked a brutal response by the police and resulted in some bloodletting -- have given way in the 70's to mild demonstrations and sympathy strikes. Some of the vigor seems to have gone out of student protests. The 25th Centenary Celebrations in late 1971, provoked a certain amount of student opposition; however, arrests were few and violence minimal. The more recent trials of subversives and terrorists also caused some student anxiety but the response was mild compared to that of the past.

Iran's educated youth -- the young technocrats, bureaucrats and academicians -- generally view the White Revolution's Educational Reform as a stillborn failure. Outside inter-

Group 3
Downgraded at 12-year intervals
not automatically declassified

ference, jurisdictional disputes, substandard equipment and instruction continue as before. While from time to time dynamic, generally western-educated professors and administrators appear on the scene, their effectiveness, the students feel, is vitiated by the presence of SAVAK. At a time when protest has become more restrained, the activities of SAVAK have reportedly become less so. Students and young people are less willing to voice their opinions today than they were some years ago (when SAVAK seemed to them more capricious), and the efficient and methodical penetration of any opposition group has served to still much of the dissent. Students seem to have learned that protest that goes beyond academic dissent on specific issues is usually met with a crushing response. This response is bolstered by the enlistment of the media and the organization of the Government's supporters into nation-wide protests against the students. Greater control and improved technology therefore, have helped to stifle dissent.

Young Iranians, not unlike older ones, are capable of submerging rebellious attitudes to work within the system. That more than 15,000 Iranians each year wish to enter universities but are unable to for reasons of finances and lack of space is testimony of the attractiveness of higher education in Iran. For many, university and the diploma are passports to a good life in Iran. However, the constraints placed on higher education may take a toll as young Iranian students learn that the Iranian Establishment requires even greater conformity than most and that meaningful discussions -- the kind students all over the world engage in -- are closed to them. Sports and student union buildings are substituted to an increasing degree for student participation in an effort to keep student minds occupied. This substitution of other things for student participation has been relatively successful in keeping the lid on the campuses the past few years, but it might well have the unhappy by-product of producing intellectually sterile young people.

Among young Iranians, the Shah and the Government are viewed with feelings ranging from awe and respect to outright distaste. Without question the young military officers are devoted to the Shah and Iran, a feeling which may be shared in part by the thousands of young Literacy, Health and Development Corps members. These groups seem to have a sense of dedication and elitism that does not extend to Iranian youth as a whole. For reasons not entirely clear -- but perhaps associated with both the Iranian sense of

individualism and the Iranian feeling that nothing is really worth fighting for -- there seems to be no real sense of purpose, no notion of "common good" among Iranian youth.

Rightly or wrongly, young Iranians believe that the State apparatus has never been more tight and restrictive than at present. After the celebrations the security precautions which had been taken throughout the country continued as the Government's efforts to crush the guerilla/terrorist groups continued. As a consequence, student/youth groups seem more inhibited than ever, and political discussion among students even more rare.

For the urban, educated activist, neither the much-publicized reforms nor the improving job market hold much interest or attractiveness. The universities have been significantly democratized by the admission of large numbers of economically disadvantaged youngsters, but for some, the course of study is a farce, the university a circus. The economy is dynamic but real unemployment and marginal employment is high among recent graduates who have nothing more to offer than an Iranian university degree.

Educated young people are disillusioned and unhappy. They want the benefits of the affluent, but resent the total prohibition on their participation in Iran's national political life.

REFORM PROGRAM

Summary

Launched in 1962 with great fanfare, Iran's White Revolution has lost some of its momentum in recent years. The 13-point reform program, designed to bring the nation into the 20th century, has had great success in some areas such as land reform and adult literacy but in others, such as administrative reform and the educational revolution, have accomplished little or nothing. The overall impact of the reform program has helped to change the image of the Shah from that of a dilletante to a concerned and capable ruler but the lack of adequate political reforms may pose problems for the future.

Under the momentum of the Shah's personal prestige and implemented by Iran's increasingly competent technocrats, the reform program has become very much a part of Iranian life. Since the announcement of the original six-point program in 1962, reform has become a byword and efforts are made to associate almost every piece of legislation -- no matter how remotely -- with the reform program. The reform concept appears to have lost some of its momentum in the last two years but will probably come very much alive again in the next year or so. In truth some of the bold imaginative programs of the White Revolution have contributed significantly to Iran's progress of recent years and the Shah can, and often does, point with pride to his accomplishments. In fact, some of Iran's reform programs have become models for other underdeveloped countries.

The White Revolution includes the following individual programs:

1. Land Reform
2. Nationalization of Forests
3. Sale of Government Factories

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4. Workers Profit Sharing
5. Election Law Reform
6. Literacy Corps
7. Health Corps
8. Extension and Development Corps
9. Houses of Equity and Arbitration Councils
10. Nationalization of Water Resources
11. Reconstruction of the Country
12. Administative and Educational Revolution
13. Religious Corps

Of these, about half have helped to open the way to progress in Iran. Land Reform, the cornerstone of the whole reform program and by far the most successful, has freed the peasants from the almost feudal absentee landlord system and has opened the way for them to become landholders. As a result of the work of young conscripts in provincial areas with the Literacy Corps, the literacy rate has almost doubled since 1956 and the UNDP, which is involved in the literacy program in certain areas of Iran, has reported that the country is on the verge of a breakthrough in the field of adult literacy. The Health Corps, which provides medical facilities in remote areas, and the Development Corps, which provides extension-type services in distant provinces, have both had good results and continue to grow. Houses of Equity have taken justice to the village level for the first time.

Other aspects of the White Revolution do not stand up so well under scrutiny. Nationalization of Forests and Nationalization of Water Resources have been implemented slowly and have contributed little to Iran's forward movement though they are expected to have long-term benefits for the country. The sale of Government Factories has generated little enthusiasm and is recognized as a government effort to unload unprofitable enterprises. The Workers' Profit Sharing Program has hardly gotten off the ground and the Election Law reform has done little to lead to the development of real political contests (indeed, under the present political system it could hardly do so and thus was probably intended by the Shah more as window dressing than as a true reform). The Reconstruction of the Country has produced almost nothing and the Administrative Reform, still viewed with considerable scepticism, has been criticized for failure to make any meaningful contribution to decentralization or overhaul of the massive Iranian bureaucracy. The Educational Reform, inaugurated with considerable fanfare in the summer of 1968 (in part,

we thought, to give some semblance of movement to the reform movement), has failed to come to grips with the problems of Iran's universities and students and professors alike tend to look upon the Educational Reform indifferently. The Religious Corps has been virtually stillborn due to pressure from the mullas who regard the program (probably correctly) as a government plan to reduce their influence among the people.

The White Revolution has had its greatest impact so far in the rural sector: the peasants now own their land and their lives and villages are being noticeably improved. They are enjoying other derivative benefits and the way is now opening for them to participate to a greater degree in the nation's progress. The urban population shares in the prosperity generated by the reforms but students and intellectuals have not participated or shared in the reform program, refusing, they say, to accept the substitution of economic development for real social and political reform.

Partly as a result of his reforms, the Shah's image has undergone a major change in the past few years. Peasant awe of former years is being replaced by a new respect. With the help of Empress Farah's humanitarian activities, the Shah now appears less the playboy king and far more the serious ruler of men, concerned with the welfare of his land and people. While this enthusiasm is not shared by all, Iranians in general recognize and admit that only the Shah could have pushed the reform program through in such a short time and, because of his performance, respect for him has increased.

The Shah's commitment to reform and the indications that reform is here to stay may have pitfalls however, since the promise of continued reform inevitably raises expectations. Pressures for additional reform, expecially political reform may be expected to increase as the Shah's political honeymoon comes to a natural end. He himself admits that his people should be prepared for the day when they will have to participate to a greater degree in their Government, but he has, on the other hand, seemed reluctant to allow them to participate. How he reconciles these two positions and accomodates himself to the new and changing situations may well hold the key to Iran's political future since it now seems likely that the question of reform will have to be faced again and again in the coming years.

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78

NATIONAL INTELLIGENCE SURVEY PUBLICATIONS

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GENERAL SURVEY CHAPTERS

COUNTRY PROFILE Integrated perspective of the subject country • Chronology • Area Brief • Summary Map

THE SOCIETY Social structure • Population • Health • Living conditions • Social problems • Religion • Education • Artistic expression • Public information

GOVERNMENT AND POLITICS Political evolution of the state • Governmental strength and stability • Structure and function • Political dynamics • National policies • Threats to stability • Subversion and insurgency • Police forces

THE ECONOMY Appraisal of the economy • Its structure—agriculture, fisheries, forestry, fuels and power, metals and minerals, manufacturing and construction • Domestic trade • Economic policy and development • Manpower • International economic relations

TRANSPORTATION AND TELECOMMUNICATIONS Appraisal of systems • Strategic mobility • Railroads • Highways • Inland waterways • Pipelines • Ports • Merchant marine • Civil air • Airfields • The telecom system

MILITARY GEOGRAPHY Topography and climate • Military geographic regions • Strategic areas • Internal routes • Approaches: land, sea, air

ARMED FORCES The defense establishment • Joint activities • Ground forces • Naval forces • Air forces • Paramilitary

INTELLIGENCE AND SECURITY Structure of organizations concerned with internal security and foreign intelligence, their responsibilities, professional standards, and interrelationships • Mission, organization, functions, effectiveness and methods of operation of each service • Biographies of key officials

This General Survey supersedes the one dated November 1969, copies of which should be destroyed.

Country Profile: Iran

Change from the Top 1

Obstacles to Change • The Strong-Man Tradition • Monopolizing Political Power • The White Revolution • Oil and What Else? • Looking West, East, and to the Middle East • As the Shah Goes, So Goes Iran

Chronology 14

Area Brief 16

Summary Map . . . . . *follows* 17

This Country Profile was prepared for the NIS by the Central Intelligence Agency. Research was substantially completed by January 1973.

SECRET

CHANGE FROM THE TOP

Iranian national emblem

One of the most dramatic efforts at modernization among the less developed nations is taking place in Iran. Unlike most countries in Asia and Africa, and especially the Middle East, Iran has taken steps toward modernization not as a result of revolution or the violent overthrow of the social order but rather because of the initiative of the country's ruler, Shah Mohammad Reza Pahlavi. (U OU)

Mohammad Reza has not always been the prime mover of modernization. He assumed the throne in 1941 when his father, suspected of collaborating with the Nazis, was forced to abdicate by the Soviet Union and the United Kingdom, who occupied Iran to halt the growing influence there of the Axis powers. The young Shah, only 22 years old when he suddenly succeeded to the throne, for a time lived in the shadow of his forceful and talented father, the founder of the dynasty and a dominating figure. Moreover, in the first 10 years of his reign, Mohammad Reza seemed uncertain about the role he should play in the administration of his country. Schooled in Switzerland and influenced by Western democratic traditions, the Shah tended to view his role as that of a constitutional monarch on the European model, allowing an elected government to set national goals and determine national policies. (U OU)

The turning point in the political development of the Shah toward his present style of rule and involvement came during the turbulent prime ministership of Mohammad Mosadeq, from 1951 to 1953. Mosadeq had risen to power when a simmering dispute between the Iranian Government and the British-owned oil company over increased royalties resulted in the nationalization of the company. In the face of British economic countermeasures and with the shutdown of production at the company, Iran experienced growing financial difficulties. (U OU)

Unable to check the deterioration of the economic situation, Mosadeq resorted to repressive, strong-arm tactics to silence his critics. In so doing he alienated most of his conservative supporters and, when they abandoned him, the Communist-led Tudeh Party was left as his main support. Mosadeq then sought to prop up his position by dismissing parliament. When the Shah tried to remove him, he called crowds into the street to demonstrate in his favor, deposed the Shah,

and established a regency council. The Shah fled to Baghdad and later to Rome before Iranian army troops, backed by the United States, led a countercoup against Mosadeq in August 1953 and reinstated the Shah.

Apparently aware that he must assume a more forceful role in government or again risk losing his throne, the Shah began to strengthen his position. After resolving the oil dispute with Britain, he devoted the rest of the 1950's to consolidating his authority throughout the country, but especially in the military and the government bureaucracy. Having done this, he turned his efforts to the modernization of his country, proposing and initiating a wide-ranging program of social and economic reform. (U OU)

One feature of the Shah's effort to modernize Iran carries on a goal his father had: the creation of an army strong enough to maintain internal control, in a land of ancient rivalries and animosities, and to win for the country a position of influence in the Middle East. Modernization of the armed forces, however, could not be accomplished in a vacuum. A whole range of changes in the country's social and economic structure had to occur also. Providing manpower for an armed force to be trained and equipped with the weapons of modern technology would require better educated and healthier soldiers, available only if the general populace were better educated and healthier. The operation of a military system would require a sophisticated administrative apparatus.(U OU)

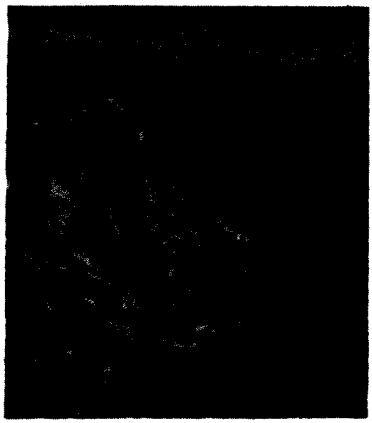
The Shah has also sought to consolidate his position through a program of land reform. Great wealth had enabled a number of families in Iran (probably fewer than the 1,000 usually cited) to encroach steadily upon the power of the monarchy and at times to challenge it. Wealth in Iran has traditionally been based on the ownership of land. In making land redistribution an integral part of his new program the Shah had two aims: to break the political power of the landowning elite by dividing the holdings that were their source of wealth and, at the same time, to win the gratitude of the peasants. The Shah hoped to use this gratitude to forge a political alliance with the peasants that would counter the remaining political muscle of the landed elite who, in the mid-1950's, were still in control of parliament. (U OU)

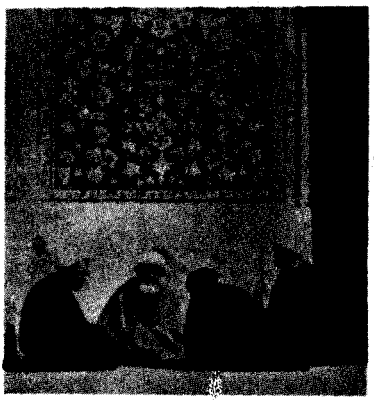
Altruism and nationalism have also had important parts in the Shah's effort to modernize his country. He has professed and evidently has a personal commitment to reform. In his coronation speech he pledged his devotion to "the constant improvement of the Iranian nation . . . to bring [it] up to the level of the most progressive and prosperous societies of the world." He has stressed the importance of changing the essentially feudal social system. Thus in *Philosophy of the Revolution*, his 1967 book on the reform program, he declared that:

> The old social order, which prevailed for centuries and in which class privileges and class distinctions are more or less considered in the nature of things, is no longer acceptable. Consequently if our nation wishes to remain in the circle of dynamic, progressive, and free nations of the world, it has no alternative but to alter the old and archaic order of society completely, and to build its future on a new order compatible with the vision and needs of the day. (U OU)

In keeping with his words, the Shah in 1952 began to sell the vast lands that he himself held as personal property. He sold them on long-term credit to the peasants working them, and the final distribution was achieved in January 1963. The Shah also pushed for the popular distribution of all public domain land in excess of that needed by government institutions, a process begun in 1958. In 1961 the Shah formed the Pahlavi Foundation, which takes revenue from business enterprises owned by the Shah and contributes it to support various social services. The Shah postponed his own coronation until 1967, 26 years after coming to the throne, maintaining that though the crown was his by inheritance, he could not wear it until he had earned the right to do so. (U OU)

Obstacles to Change (c)





Change has not been easy to accomplish in Iran, and the Shah has had to contend with many difficulties which directly affect both the rate and the direction of modernization. Because a modern army must have mobility and a modern industrial economy must have ready access to raw materials and markets, the physical environment has provided a challenge.

Iran is a harsh land, located on a high triangular plateau surrounded on all sides by mountains. The variegated territory breaks up physically into four regions: the western and southern mountains, the northern chain and the lowlands around the Caspian Sea, the arid central plateau, and the eastern highlands. The nature of the country results in a wide range of climates. Rainfall in the area just below the Caspian Sea averages 50 inches per year, with slightly less in the western and northern mountains and the amount decreasing in areas toward the southeast and central area. The mountains cut off moisture into the central area, which is a large desert constituting nearly half the country.

The availability of water has been a major factor determining the size, location, and pattern of human settlement in Iran. Outside the northern and western areas, where most of Iran's 30.8 million people live, villages are centered around the water supply. In some places the supply is so small that people survive only by adopting nomadic habits, migrating from near desert lowlands to grasslands in the higher areas.

The roads which connect the various parts of the country must skirt the desert, wind through mountain passes, and follow valleys. In the central portion of the country there is one road that traverses the area from north to south, and only two go from east to west. The country's rail system is poorly developed, consisting only of about 3,000 miles of track which connect the Persian Gulf with the Caspian Sea and the major agricultural centers of the northeast and northwest with Tehran.[1] Air transportation is available to the larger towns, but for the average traveler the journey from the capital to provincial areas must be made by other, more difficult means.

The resulting physical isolation of various portions of the country has kept the people divided. Many of them are descendants of the invaders who swept through the land centuries ago, and they remain separated into minorities, of which the largest are the Turkic peoples, the Kurds, and the Arabs. Only about 50% of the population speaks Persian as a native

[1] For diacritics on place names see the list of names on the apron of the Summary Map and the map itself.

tongue, although many more learn the language in school. The language barriers are weakening, and integration is being hastened by the increasing urbanization, but strong provincialism still characterizes the society.

Little thought was given historically to the concept of the nation-state and programs that affect the whole country. Even today only the small urban segment of Iran's people identifies to any significant degree with the nation. Most people live in villages, and their first allegiance is to their families and then to the village. They do not aid the next village, let alone the rest of the nation. The nomadic tribes have been even further removed from participation in national life. Government efforts to settle the nomads have been successful, and the 1966 census enumerated only about 500,000, probably undercounting them to some extent. Many of the settled nomads, however, retain tribal affiliation, and they see the state and government as nothing more than a central authority attempting to change their way of life.

Even without the problems of provincialism, the Shah and his government would have difficulty in garnering the support of the peasant masses for most reform programs. Conditioned by their way of life, the typically conservative farmers are prepared to accept changes that allow them to own or add to their own land, but are not willing to accept those that affect their personal affairs, such as raising the status of women. They are, for the most part, impoverished and illiterate; they are resigned to their condition, expect little from life, and are concerned primarily with survival.

In the upper levels of Iranian society, most individuals seek above all else to enhance their personal position and wealth. Self-seeking individuals are not novel, of course, but Iranian society has traditionally viewed self-aggrandizement as a singular virtue. The person who rises to the top by whatever means he can use is looked upon with admiration. Thus, when the Englishman James Morier wrote the satire *Hajji Baba of Isfahan*, in which just such an unscrupulous and ambitious schemer is the central character, the book won instant popularity with Iranians as the tale of a folk hero, rather than the intended indictment of a disagreeable personality trait. As a result of this prevailing attitude, it is hard to find individuals who are willing to join in national programs, either as administrators or as participants, unless they see personal reward in the undertaking.

In a sense, there is an aura of history that hinders acceptance of the Shah's forward-looking programs. The mere fact that Iran has existed as an entity for over 2,500 years has fostered a general resistance to rapid change unless it is forcibly imposed. For most of Iran's history this tendency has been a virtue because there was real danger that the society would lose its cultural identity as the country was successively invaded and occupied by Arabs, Turks, Mongols, Tatars, and Afghans. Now the Shah is criticized by some segments of the population for his alleged disruption of cultural continuity and for the challenges to religion that they perceive in his policies.

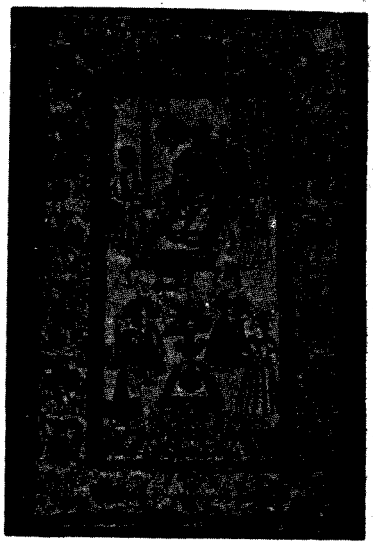
Particularly strong objections to the Shah's reform program have come from the religious establishment, traditionally one of the most powerful groups in the country. The importance of religious leaders and scholars in Iranian society can be understood only by realizing that Islam is not merely a religion. It is an all-encompassing religious, economic, legal, social, and intellectual system that controls all aspects of life, ranging from worship to inheritance laws to the relationship between individuals. Because of their knowledge and professed ability to interpret Islamic law, members of the religious establishment have traditionally demanded veto power over any government action they consider a contradiction of Islamic law.

For over a century the religious establishment, taking this tack, has objected to the government's entry into such areas as education, landownership patterns, and the status of women. The religious leaders fully realized that the end result of the government's course, if not checked, would be secularization—i.e., that personal affairs would be regulated by government laws and courts rather than by religious ones. Thus when the Shah's reform program was transformed into law in January 1963, the reactionary members of the religious establishment were the first publicly to oppose it. They also led the rioting that erupted in a number of urban centers in June of 1963. Although the government has subsequently restricted the influence of the establishment in Iran's cities, religious leaders in the rural areas continue to exert an important influence over the deeply religious peasants. To assuage religious opposition, the Shah stresses the close identification of the nation with Islam and is punctilious in the public performance of his religious duties.

The Strong-Man Tradition (u/ou)

Darius, Persepolis

A Sassanian king



Carpet depicting Nadir Shah

Reza Shah *Shahs crown themselves*

The centrifugal nature of the forces at work in Iran is offset to a degree by another aspect of Iranian history: the tradition of a strong ruler at the head of an authoritarian government imposed on the nation by fiat. Throughout the invasions and conquests of history, the emergence of the strong leader has been a recurrent feature and probably an important factor in the preservation of the culture of the land. Iran was under foreign domination at times for centuries, but it never completely adopted the ways of its conquerors; instead, sometimes the descendants of the conquerors became themselves strong Persian rulers. The monarchy—the shah of shahs—has proved an en-

during institution, an apparent embodiment for the people of a beneficent power far away and far above them. While the peasants may not be conscious of the nation-state, they are familiar with its rulers, for they know about the glorious history of their land, largely through oral or written acquaintance with the great poets of the past.

Cyrus the Great founded the first Persian[2] empire, that of the Achaemenid dynasty, in the sixth century B.C. by conquering the Medes and other kingdoms between the Mediterranean coast of Syria and the Oxus River in central Asia. His grandson Darius developed the system of dividing the empire into 20 satraps or provinces connected by an excellent network of imperial roads. After conquest by Alexander and centuries of Greek rule came the Parthian dynasty, followed by the Sassanian empire, which modern Iranians revere as second only to the Achaemenids. The Sassanids strengthened the power of the central government during their 400-year reign from the beginning of the third to the middle of the seventh century A.D. They carried out administrative reforms and surveyed the area that is now Iran. With the overthrow of the last Sassanid Shah by Arab invaders in 651, Iran entered a period of nine centuries during which it was ruled by a succession of foreign conquerors. With the rise to power of the Safavids in 1501, however, a native Iranian dynasty again held sway. Shah Abbas, the greatest of the Safavids, was an excellent administrator, and by the time of his death in 1629 the empire was again under the control of a strong central authority.

After two centuries, the Safavids were overthrown by the king of neighboring Afghanistan. The Afghans in turn were driven out by Nadir Shah, a Turkic-speaking tribesman, who has been called the last of the great Asian conquerors. A tyrannical monarch, he led a brilliantly successful invasion of India and brought back a vast treasure including the famous Peacock Throne and the Koh-i-noor diamond. The next dynasty of note was that of the Turkic Qajars, whose long period of rule was characterized by the intrusion of foreign political and economic interest, notably British and Russian.

The overthrow of the Qajars in 1921 by Reza Shah, the present monarch's father, restored a forceful ruler to the throne. Until he was forced to abdicate in 1941 by the Soviet Union and the United Kingdom, Reza Shah was able to reverse the decline that had marked the reign of the Qajars. Governing Iran with a strong hand, Reza Shah centralized the government, molded the heterogeneous military bodies in Iran into a unified army, and made the first moves to crush the power of the religious establishment.

The present Shah has endeavored to underscore his ties with his historical predecessors by stimulating his countrymen's pride in Iran's past imperial greatness—and doubtless, in the process, their acceptance of the legitimacy of the historic institution of a strong sovereign. The latest and most famous of his efforts to glamorize this tradition came in 1971 with the extravaganza at Persepolis, which celebrated the 25th centenary of the Persian monarchy and was attended by kings, presidents, and statesmen from more than 60 countries.

[2] The inscriptions left by the Achaemenid rulers refer to their clan as the Achaemenid, their tribe as the Parsa, and their nation as Arya. Iran as a geographic term derives from Arya, and it was formally declared the legal name of the country in 1935. From Parsa came the Greek word Persis, which became Persia in other European languages. The word went into Arabic, which lacks the letter *p*, as *fars*, and that is the term the Persians themselves use for their language and a province of the country.

Monopolizing Political Power (s)

Parliamentary opposition to his program has been one problem the Shah has not had to face, for controlling the parliament as he does, he has had little difficulty in obtaining the necessary approval and funding from it. Although Iran is a constitutional monarchy with a popularly elected representative body, the Shah has been able by bribery, cajolery, and threats to make parliament little more than window dressing for his regime, giving the appearance of a democratic system. To insure that he encounters no opposition, candidates for offices in the legal political parties or for seats in the lower house of parliament, the Majlis, are carefully screened and personally approved by the Shah. That relatively small segment of society which is politically aware is perturbed by the Shah's interference in the political process, but they realize there is little they can do about the situation other than to draw public attention to it when they can. The Shah, for his part, allows a measure of freedom for them to vent their vexation verbally in order to underscore the fact that he is in complete control of the political scene. Thus a few years ago the following tongue-in-cheek interview with an imaginary parliamentary deputy appeared in a Tehran daily:

Q. What is the population of your constituency?
A. 10,000

Q. How many votes did you get?
A. 150,000

Q. Don't you think there is some discrepancy here?
A. I do but I was told to shut up.

Q. How many rival candidates were there? Did any of them get more votes than you?
A. There were many. All of them got more votes.

Q. Then, how did you manage to get elected?
A. That is the miracle of the ballot box.

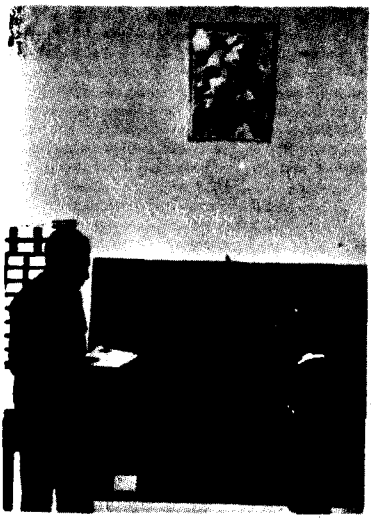
Q. What were the three most important events of your parliamentary term?
A. The first occurred when I was sitting at home wondering what kind of job to find and the radio announced that I had been elected to parliament. The second was the day that parliament raised our salaries to $1,000 a month and the third was when we were given a big housing allowance.

By monopolizing political power the Shah is, in fact, the government, and he alone determines the direction and content of national policies. To help in the actual process of governing he has surrounded himself with a coterie of cabinet officials, high-level civil servants, senior military officials, parliamentary leaders, professional men and businessmen, members of the royal family, courtiers and confidants. To serve as his political agents in the provinces there is a second level of middle and lower grade civil servants and local officials. To make certain that he continues to control the reins of power and that no one rises to challenge him, the Shah gives no individual or group the opportunity to build up an independent power base. Usually anyone suspected of harboring such ambitions is transferred from his position to an unrelated field.

Although Iranian security has suppressed opposition to the Shah's monopolization of power, there have been eruptions of violence to indicate to the world that the country indeed has dissident elements capable of such actions. One such incident occurred in May 1972 when several bombs were set off in Tehran during a state visit by President Nixon. During the course of the year Iranian officials announced that 28 people had been executed and 109 others imprisoned for offenses ranging from attacks on police and security forces to assassinations and kidnapings.

Most of the political extremists, numbering at a minimum several hundred, are young, educated middle-class Iranians. There is no serious threat that they will take over the government. It can be said, however, that to a degree they pose a danger to the current political and economic course charted in Iran by the Shah, inasmuch as one or more of their number might mount a suicidal attempt on the Shah's life. As the Shah is architect and prime mover of the country's reforms and economic development policies, his assassination would place their continued implementation in question. The pervasive security apparatus commanded by the Shah is capable of minimizing this danger, however, as well as keeping the lid on any potential for organizing larger scale threats to public order.

The White Revolution (c)



To signify that the change he would bring to Iran would be accomplished without bloodshed, the Shah has called it the White Revolution. He has also said that land reform is its core. When the revolution was formally launched in 1963, Iran's economy was primarily agrarian in nature. Although agriculture now accounts for only about 16% of the gross national product (GNP), it continues to be vital in providing the necessary food for the country's growing population and furnishing raw materials for the expanding industry. The plans of the Shah have thus called for a rise in farm productivity. Under the traditional system of land tenure, this had been given little thought. The landowning class sought profits only to invest in quick turnover areas such as urban real estate, not in new techniques for modernized farming. The peasants had no stake in the land and were in fact ready to leave their rented farms to migrate to urban centers in search of better paying jobs. By giving peasants a share of the land, it was hoped that a desire for more productive farming could be instilled in them.

Before the Land Reform Law, only 1% of the people—many of them absentee landowners—owned over half the agricultural land. The law forced them to sell all their holdings over a fixed amount and provided for the peasants to pay for the land over a 15-year period. Religious endowments, which held another 15% to 25%, were required to give their tenants 99-year leases. In 1971, the government proclaimed that the physical task of redistributing the land had been completed. Although there are no detailed statistics on the number of landowners affected by the reform, the government claims that all 52,818 villages in Iran have been involved and that there are now 1,850,000 new landowners.

The economic benefits have not, however, been as great as expected. The peasants, who under the traditional tenure system had had a bare subsistence level of existence, still need money to buy seeds and other supplies and now have the added financial burden of paying for their new land. For the government, agricultural output has not risen at the rate it had sought. The peasants also have not had the necessary capital to invest in mechanized equipment and chemical fertilizers, moves that would increase productivity. The government believes mechanized farming is feasible only if the small farmers band together in cooperatives, and it is trying to foster the formation of such cooperatives in the current phase of the land reform program. Iran does not have enough trained manpower, however, to manage the cooperatives that have already been formed. Those that have put together a staff have been plagued by administrative inefficiency and lack of capital.

The peasant's problems are not due just to a lack of money. He also is hampered by ignorance, ill health, and simply unawareness that there are different and more efficient ways of farming. Each weakness seems to reinforce the other in preventing the farmer from getting out of the rut he finds himself in. Thus the White Revolution seeks to improve literacy, health care, and community development. The government's approach has been to form task force groups known as corps, organized along military lines. The corps concept offers secondary school and university graduates an opportunity to serve rural areas and villages in their field of special training, in lieu of military service. The most successful of the various task groups has been the Literacy Corps, which operates in those villages in which no formal school has been established. Govern-

ment statistics indicate that by 1971 the Literacy Corps had trained 1.4 million people to do some rudimentary reading and writing.

Soon after the Literacy Corps showed signs of being a success, the Health Corps was organized and by 1972 it was providing a large part of the health care. In the course of the program, some 6,600 corpsmen, including doctors and medical aide personnel, have been assigned to clinics and dispensaries and to some 500 mobile units throughout the countryside. According to the Shah, the number of citizens who have access to the facilities of the corps rose from 1 million in 1962 to 8 million in 1971—almost 50% of the rural population.

Plagued by the lack of qualified personnel in the fields of agronomy, veterinary medicine and civil engineering, the Development Corps has thus far been the least successful of these ventures. Other obstacles that have hampered its work include a shortage of funds and a lack of resources in the villages that are supposed to be aided. Some corpsmen have been able to fill the void in the cooperative phase of the land reform program, however, and are advising some farmers in the use of modern agricultural techniques.

A good start has been made in achieving the goals of the White Revolution. Nevertheless, some persistent problems have affected all aspects of the program. The most obvious and immediate has been the shortage of skilled personnel. Closely tied to this has been a lack of capital to finance the various projects once they have been initiated. To a degree the government, bent on pressing for more progress, has brought these problems upon itself. Rather than consolidating what has been achieved, projects often have been hastily expanded.

Oil and What Else? (s)

To move as rapidly as possible to industrialize Iran, the Shah has relied heavily upon petroleum. In the long run, however, he wants to build up manufacturing as a hedge against dependence on oil, for the estimated reserves will last only another 42 years even at the present rate of extraction. Because of the large sums of money needed in the initial stages of establishing a variety of modern industries, the government has had to shoulder the major burden of providing the investments needed.

The private sector of the economy consists mainly of assembly type operations that have quick, high profits. Most of these companies are not very large; according to Iranian Government statistics, 91% of Iranian

plants employ 9 or fewer workers. While the government would like to see privately operated satellite industries grow up around such basic ones as steel and petrochemicals, the private sector is held back by many of the same handicaps that affect the whole modernization and reform program the government has undertaken. There is a shortage of development capital, and there simply is not enough technical and managerial personnel available to satisfy the needs of both sectors. The government has attempted to solve the first problem by making more funds available to investment banks, and has attempted to relieve the shortage of skilled personnel by setting up on-the-job training programs. The larger firms, at least, are benefiting from these moves.

Despite the fact that private manufacturing has not developed as rapidly as the government hoped, the rest of the industrial sector is burgeoning and is the fastest growing part of the economy. New developments, such as the government's plans to exploit large-scale copper deposits and newly discovered iron ore fields, are likely to fuel the continued expansion of industry in Iran.

To date, however, the Shah has been able to carry out his social and economic modernization, in addition to creating a modern army, largely because of his nation's oil boom. Iran's GNP is currently the largest in the Middle East and more than double that of either Israel or Egypt. For the past 7 years it has been growing at an average annual rate of 11%. The largest contributor to the GNP and the one thing most responsible for its continued growth is the oil industry. For the fiscal year ending in March 1972, Iran earned from oil $2.2 billion in foreign currencies; the estimate for the current fiscal year is $2.7 billion.

In the decade from 1961 to 1971, Iran's oil production rose at an average annual rate of 14.5% compared with 8% worldwide and 10% for the rest of the Middle East. Today Iran has become the world's fourth largest supplier of oil, following the United States, the U.S.S.R., and Saudi Arabia. Its output in 1971 was 1.7 billion barrels, one-tenth of the world's total. With estimated reserves of some 70 billion barrels—about 10% of the world's total—Iran's importance as an international supplier of oil is assured.

Iran's oil revenues have not risen solely because of increased output. For some time the Shah and his representatives have negotiated astutely with foreign oil companies for an increased share of the profits that the companies derive from their export and sale of Iranian petroleum. The actual amount of the profit is determined by establishing an artificial fixed price that Iran receives for the oil. Since the initial agreement was signed in 1954, both the percentage of profit and the fixed price have been raised in Iran's favor. Under the terms of new agreements that have been signed, Iran can expect to receive some $14 billion in revenue during the period 1971/72 to 1975/76. Moreover, in mid-1972 Iran entered negotiations for still further arrangements which would give Iran's national oil company increased amounts of oil for unrestricted sale in international markets. Tehran has also demanded operational control of refining facilities and increased investments from the foreign companies in refining and other operations. In a move to pressure the oil companies to agree to his proposals, the Shah on 23 January 1973 threatened to abrogate current agreements; discussions with the consortium were underway at that time. In any case, Iran stands to gain even greater amounts of oil revenue with which to finance the Shah's programs.

Iran is also developing other sources of revenue. It has the world's third largest reserve of natural gas, the volume of which is conservatively estimated to be over 200 trillion cubic feet. Its largest customer at present is the Soviet Union, which purchased nearly 200 billion cubic feet of gas valued at $37 million in 1971. Iran has a contract with Moscow to sell, in time, some 5,000 billion cubic feet. Production of liquefied gas is also undergoing negotiations; as 1973 began, new plants involving a total investment of $3 billion were under consideration with Japanese and other foreign firms.

Oil revenues alone, of course, have not been enough to pay the way for all of the Shah's ambitious reform, modernization, and industrialization programs. Foreign credits, however, will finance nearly one-fourth of Iran's projects during the current 5-year plan. The United States has been a major source of this assistance, having provided since 1946 about $1.1 billion in grants and credits for the economy and about $1.7 billion for the military. Other large developmental credits have come from West Germany, France, the United Kingdom, Italy, and Japan; and the Communist countries since 1958 have extended over $1 billion in economic credits, more than half of it from the Soviet Union, which between 1967 and 1971 also gave about $325 million in credits for military use.

Looking East, West, and to the Middle East (c)

Iran's foreign policy has been closely tied to its domestic situation. In the aftermath of the Mosadeq period, the Shah became heavily dependent on the United States for economic assistance and military aid. Accordingly, he became closely aligned with the West. *In 1955 Iran joined the anti-Soviet* Baghdad Pact and in 1959 signed a bilateral agreement with the United States. As Iran's economy became progressively stronger in the late 1960's and early 1970's, however, the Shah began to draw away from close identification with the United States and the West in general. He now appears to want more room to maneuver in his relations with both the East and West.

Since 1963 Tehran's relationship with the Soviet *Union has steadily improved. Long before* the Shah's anger in the 1950's because of Moscow's support of Mosadeq, Iran and its giant neighbor to the north were at odds with one another. During most of the 19th century there were Russian encroachments upon Iran's territory. And although the Bolshevik government renounced Tsarist imperialist policies in the area, Soviet troops have twice occupied Iranian territory. In 1920 they entered Iran to give support to the "Soviet Socialist Republic of Gilan," which had been set up at the southwest corner of the Caspian Sea. The Soviets withdrew when the Shah's father refused to sign a treaty with Moscow, and the territory was restored to Iran. After World War II, when Soviet and British troops had occupied Iran, the Soviets refused to leave. Their presence was used to set up two independent republics in areas of the country inhabited by Kurds and Azerbaijani Turks, before pressure from the United Nations finally forced a Soviet withdrawal.

Since the mid-1960's, however, the Soviet Union has become an important source of economic aid for Iran. Many of the heavy industry plants obtained by the *Iranian Government* have come from the Soviet Union and its allies. Moscow has also become a major customer for Iranian natural gas. The countries have exchanged state visits and generally have relaxed the hostile postures of their recent past.

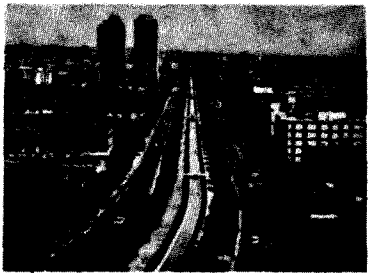
The Shah naturally has displayed special concern about Iran's position in the Middle East. His recent

assertiveness was born of a determination to see that Iran became the dominant power in the Persian Gulf when the United Kingdom withdrew its military forces from the area in 1971. He moved quickly to fill the void and achieved that end. In 1971, the Shah used a show of force to resolve a longstanding dispute with two Arab sheikhdoms over the ownership of some islands strategically located at the entrance to the Persian Gulf. He dispatched troops to effect control of the islands and force a settlement on Iranian terms.

Iran continues to have difficulties with Iraq, its Arab neighbor to the west. The most serious problem between the two countries centers on the Iraqi contention that their border along the Shatt al Arab, an internal waterway that provides access to the Iranian port of Abadan, lies on the Iranian shore rather than following the median line of the channel. Iraq has also accused Iran of militarily supporting the rebels in the Kurdish area of northern Iraq, who have been carrying on an intermittent rebellion against the government in Baghdad for the past 10 years. Iran, for its part, has been irritated by the periodic expulsion of Iranians from religious shrines in Iraq. For a running feud to exist between a non-Arab monarchy and a radical Arab regime next door is hardly surprising. For the friction to flare into armed conflict would be another matter, and something each party has compelling reason to avoid. Neither side stands to gain by doing battle over their differences, least of all the militarily inferior Iraq.

As the Shah Goes, So Goes Iran (c)

Tehran 1946



Tehran today

In the 10 years since he began his reform and modernization program, the Shah has achieved a number of successes. The nation's economy has experienced substantial growth, and its soaring industrial development seems to assure a healthy rate of continued expansion. In rural areas, the White Revolution has taken excessive holdings from wealthy landowners and parceled them out to those who had only small plots or none at all. The literacy program promoted by the Shah has given the rural poor greater access to education. University graduates have also gained; many of them have become technocrats in the bureaucracy created to administer the various reform programs. The wealthy have participated in and profited from the growth of the economy. Those discontented about the developments of the past decade are, in the main, members of the educated middle class whose political voice has not been strengthened in keeping with their expectations.

Iran is not without its weaknesses. A long-term threat to the success of the White Revolution, for example, is the problem of a runaway birth rate. The

population is growing at more than a million a year; from a total of 31 million in 1973, it is estimated that there will be 50 million Iranians by 1989. Much of this population will be economically unproductive. Nearly 57% of Iran's people are now under the age of 20, and the median age will fall as the population increases.

As the young are entering the labor force faster than the economy can absorb them, Iran is paradoxically confronted with the problem of growing unemployment at the time of its greatest economic surge. In the cities, where people from the countryside continue to come in search of jobs, unemployment has been estimated as high as 12% of the labor force. For some, the opportunities for social mobility are increasing as a result of the economic development, but there is no evidence that the gap between the rich and the poor has been substantially narrowed. Essentially, Iran must still be considered underdeveloped because of the low per capita GNP (about $400 a year) of its inhabitants.

Nevertheless, the country's stability and economic outlook make its overall prospects good and its future promising. Its ties with the West are strong ones. Moreover, Iran has managed to remain relatively unembroiled in the highly charged Arab-Israeli quarrels on its one side, while nurturing a rapprochement with the Soviet Union on the other.

There is no effective challenge to the Shah's position. It is secure. He dominates Iran. He has wrought dramatic and peaceful change from the top. The major weakness of what remains very much the Shah's system—political, social, and economic—is that it has not been institutionalized. It seems to depend for its essential impetus, inspiration, and direction upon him alone. Although an administrative apparatus has been erected and is engaged in the daily operation of the various projects he has launched, few decisions are made by anyone but the Shah.

His decade of modernization may have built loyalties and momentum of its own. And the Shah's age (he will turn 54 in October 1973) and good health augur well for him to have a number of years in which to further his policies and give them deeper roots. But, as is the case with systems molded so single-handedly by one who has monopolized the instruments of policy, the full test of Iran's viability must await his passing.

Chronology (u/ou)

c. 550-330 B.C.
The first Persian empire, founded by Cyrus the Great of the Achaemenid dynasty, eventually extends from what is now Afghanistan in the east to the Mediterranean and Aegean seas in the west.

c. 330 B.C.
Alexander the Great is crowned king of Persia after defeating Persian forces, marking beginning of Greek rule, which lasted until c. 250 B.C.

c. 250 B.C.
Revolt against Greek rule leads to establishment of the generally undistinguished Parthian dynasty, which lasts for almost five centuries.

226-651
The Sassanian rulers restore the Persian empire to greatness.

651
All Sassanian domains come under Arab Muslim control, marking an almost 900-year period of political decline, disunity, and disorder under the Arabs, Turks, and Mongols.

1501-1736
Under the Safavid dynasty internal order and unity are restored and Shia Islam is established as the state religion.

1795
Long dynasty of the Turkic Qajars begins.

1906
December
Fundamental Laws (i.e., national constitution) adopted by Iranian Parliament under Qajar dynasty monarch.

1907
October
Supplementary Fundamental Laws passed, also part of the constitution.

1921
February
Successful coup led against Qajar regime by Reza Khan, leader of an Iranian army Cossack brigade, and Sayyid Zia ed-Din Tabatabai, who later became Prime Minister; Treaty of Friendship signed with the Russian Soviet Federal Socialist Republic.

1925
December
Coronation of Reza Khan, henceforth known as Reza Shah Pahlavi.

1941
August
United Kingdom and the USSR invade Iran to counter threat of expanding German influence.

September
Reza Shah abdicates in favor of his son, Mohammad Reza Shah.

1946
May
USSR withdraws its troops from Iran after Iranian complaints to the UN Security Council regarding Soviet failure to withdraw occupying troops after end of World War II.

1949
February
Tudeh (Masses) Party, the Communist political party in Iran, outlawed for alleged involvement in an attempt to assassinate the Shah.

1951
March
British-owned oil industry nationalized; oil production ceases; anti-British street demonstrations threaten the national security.

April
Mohammad Mosadeq becomes Prime Minister.

1953
August
Mosadeq ousted by coup, and the Shah, who had fled to Europe after an abortive attempt against Mosadeq a few days earlier, returned to Iran.

1955
November
Iran joins Baghdad Pact, which in 1959 became the Central Treaty Organization (CENTO).

1959
March
Bilateral defense agreement signed with United States.

1960
July
Iran and the United Arab Republic break diplomatic relations in a dispute over relations with Israel.

October
Male heir born to Shah, named Reza Cyrus Ali.

1961
May
Ali Amini appointed Prime Minister, initiates widespread political, economic, and social reforms at Shah's behest.

1962
September
Unilateral declaration by Iran, for the benefit of the USSR, that Iranian soil will not be used by foreign powers for missile bases.

1963
January
National referendum on Shah's six-point reform program results in overwhelming vote in favor of program.

September
Parliamentary elections held for 21st Majlis.

1964

July

Iran, Pakistan, and Turkey establish Regional Cooperation for Development (RCD).

1965

January

Prime Minister Hasan-Ali Mansur assassinated by a member of a fanatical Muslim group; Amir Abbas Hoveyda appointed Prime Minister.

April

Attempt on Shah's life by a conscript member of Imperial Guard.

June

The Shah makes official visit to USSR.

1966

January

Iran and USSR agree that USSR will build a steel mill, develop iron and coal, and build a pipeline for Iranian natural gas to USSR.

1967

January

Soviet military credit of US$110 million extended to Iran.

August

Parliamentary elections held for 22nd Majlis.

September

Constituent assembly amends constitution to provide for succession to Shah; Empress named Regent.

October

Coronation of Mohammad Reza Shah.

November

US economic aid to Iran officially ends.

1968

January

British announce they will pull forces out of Persian Gulf at end of 1971.

1968

February

Shah cancels trip to Saudi Arabia in dispute over status of Bahrain as competition in the Persian Gulf mounts.

September

Shah visits USSR.

October

Municipal council elections held in larger cities and towns.

November

Shah visits Saudi Arabia and Kuwait.

1969

April

Iran breaks diplomatic relations with Lebanon over Lebanese refusal to extradite Lt. Gen. Timur Bahktiar, wanted for trial in Iran.

Iran abrogates 1937 agreement with Iraq over border in the Shatt al Arab because of alleged Iraqi violations.

October

Shah visits United States.

1970

July

General Timur Bahktiar assassinated in Iraq by Iranian agents.

1971

July

Parliamentary elections for 23rd Majlis.

October

Celebration of 2,500th anniversary by Persian Monarchy.

November

Iranian forces occupy Persian Gulf Islands of Abu Musa and the Tunbs.

1972

October

Shah and Empress visit USSR.

Area Brief*

LAND:

636,000 sq. mi.; 14% agricultural, 11% forested, 16% cultivable with adequate irrigation, 51% desert, waste, or urban, 8% migratory grazing and other

Land boundaries: 3,305 mi.

WATER:

Limits of **territorial waters (claimed):** 12 n. mi.

Coastline: 1,560 mi. (includes off-lying islands)

PEOPLE:

Population: *30,805,000 estimated 1 January* 1973; density, 48 persons per square mile; 43% urban, 57% rural

Ethnic composition: Over 50% of the population can be described as Persian, while 22% are also ethnic Iranians, including the Kurds (6%); Turkic peoples comprise 22%, Arabs, 5%, and others 1%

Religion: 90% nominally Shia Muslim; 8% Sunni Muslim; 2% Christian, Jewish, Zoroastrian, and other

Languages: Persian (Farsi), Turki, Kurdish, Arabic

Literacy: About 33% of population age 10 and over (1972 estimate)

Labor force: 8.3 million, including: 37% in agriculture, 27% in industry, 25% in services

Health, nutrition, and sanitation levels: Low

GOVERNMENT:

Legal name: Empire of Iran

Type: Constitutional *monarchy controlled by the Shah*

Capital: Tehran

Political subdivisions: 14 provinces and nine independent *governorates, subdivided* into districts, subdistricts, counties, and villages; major provincial rearrangement planned (C)

Legal system: Based largely on French law, with elements drawn from other *continental systems* and Islamic law; constitution adopted 1906; Supreme Court operates merely *as highest appellate court*; legal education at University of Tehran; has not accepted compulsory ICJ jurisdiction

Branches: Executive power rests in Shah; *Prime Minister*, appointed by Shah, must be approved by lower house (*Majlis*); while *Cabinet theoretically* responsibility of Prime Minister, Shah usually exerts strong influence over *its selection;* bicameral legislature; Majlis has 268 seats (with 2 vacant for islands of the Persian Gulf) elected to 4-year terms; half of Senate members appointed by Shah, other half elected; no provision for judicial review of constitutionality of legislative acts

Government leader: Shah Mohammad Reza Pahlavi

Suffrage: Universal over age 20

Elections: Majlis every 4 years; Senate every 4 years; *latest national elections:* July 1971; local in October 1972

Political parties: Iran Novin Party; Mardom (Peoples) Party; Iranian Party

Voting strength: Majlis—Iran Novin Party, 230 seats; Mardom Party, 37 seats; Iranian Party, 1 seat; Senate—Iran Novin Party, 28 seats; Mardom Party, 2 seats; plus 30 seats appointed by Shah; all candidates government approved

Communists: 500-4,500 (hard-core, est.); some sympathizers among workers and intellectuals; mostly pro-U.S.S.R. but pro-Chinese faction developing (S)

Other political or pressure groups: Tudeh Party (Communist, illegal); Confederation of Iranian Students (illegal)

Member of: *CENTO, Colombo* Plan, FAO, IAEA, IBRD, ICAO, IDA, IFC, IHB, ILO, IMCO, IMF, ITU, OPED, RCD, U.N., UNESCO, UPU, WHO, WMO

ECONOMY:

GNP: *$12 billion (Iranian FY71-72 est.),* $400 per capita; real GNP growth, Iranian FY71-72, 14% est.

Agriculture: Wheat, barley, rice, sugar beets, cotton, dates, raisins, tea, tobacco, sheep, and goats

Major industries: Crude oil production (1,655 million barrels in 1971) and refining, textiles, cement and other building materials, food processing (particularly sugar refining and vegetable oil production), metal fabricating (C)

Electric power: 2,800,000 kw. capacity (1972); 8.3 billion kw.-hr. produced (1971)

Exports: $356 million (nonoil, Iranian FY71-72); 89% petroleum; also carpets, raw cotton, fruits, nuts, hide and leather items, ores; Communist countries (primarily U.S.S.R.) took about 31% of nonoil exports

Imports: $1,872 (*Iranian* FY71-72); machinery, iron and steel products, chemicals, pharmaceuticals, electrical *equipment;* Communist countries supplied about 13% of commodity imports

Major trade partners: *Exports*—*West* Germany, U.S., Japan, U.S.S.R. and other Communist countries; imports—*U.S., West Germany,* U.K., Japan, U.S.S.R.

Aid:

Economic—$1,029 million in economic credits *extended* by Communist countries 1958 to 1971 ($601 million from *U.S.S.R.*); *total U.S. aid (FY46-71),* $1,131 million; AID program, which reached $603.9 million *(FY46-66), terminated* in November 1967; assistance from international organizations amounted to $682.1 million (FY49-71)

*The material in this brief is drawn from the January 1973 issue of the semiannual NIS Basic Intelligence Factbook; it is Unclassified/Official Use Only unless otherwise indicated.

ECONOMY: (Continued)

Aid (Continued)

Military—$325 million in aid extended by U.S.S.R. (1967-71); total U.S. aid 1946-72 amounted to $1,700 million (S)

Monetary conversion rate: 75.75 rials = US$1 (1972)

Fiscal year: 21 March–20 March

COMMUNICATIONS:

Railroads: 2,875 miles 4'8½" gage, 57 miles 5'6" gage

Highways: 26,500 miles; 7,100 miles paved, 12,900 miles gravel and crushed stone, 6,500 miles improved earth

Inland waterways: 565 miles, not including Caspian Sea, Shatt al Arab, and Lake Urmia

Pipelines: Crude oil, 3,300 miles; refined products, 2,785 miles; natural gas, 1,760 miles

Ports: 7 major, 6 minor

Merchant marine: 15 ships (1,000 GRT or over) totaling 150,399 GRT, or 219,075 DWT; includes 11 cargo, 4 tanker

Civil air: 18 major transport aircraft

Airfields: 148 usable; 6 have runways over 12,000 ft.; 15 have runways 8,000-11,999 ft.; 49 have runways 4,000-7,999 ft.; 49 fields have permanent-surfaced runways; 82 airfield sites

Telecommunications: Advanced system of high-capacity radio-relay links, open-wire lines, cables, and tropospheric links; principal center Tehran; secondary centers, Esfahan, Mashhad, and Tabriz; 307,500 telephones (1971); 3 million radio receivers (1970) and 700,000 TV receivers (1972); 24 AM, 1 FM, and 18 TV stations (January 1973); satellite ground station

DEFENSE FORCES:

Military manpower: Males 15-49, 7,255,000; about 59% fit for military service; about 317,000 reach military age (21) annually

Personnel: 298,300, as follows: ground forces, 165,000; navy, 13,000 (including 3,000 naval infantry); air force, 50,000 (461 pilots); gendarmerie, 70,300 (S)

Major ground units: 5 divisions (2 infantry, 3 armored), 1 army aviation command, 4 separate brigades (2 infantry, 1 airborne infantry, 1 special forces) (S)

Ships: 1 guided-missile destroyer, 2 guided-missile destroyer escorts, 12 patrol craft, 6 mine warfare, 4 amphibious craft, 21 service craft, 2 yachts; 10 hovercraft (S)

Aircraft: 508, including 320 (212 jet) in air force; 58 nonjet in gendarmerie, 117 nonjet in ground forces, and 19 nonjet in navy (S)

Supply: Produces small arms and ammunition to 105-mm; bulk of equipment from U.S., some antitank missiles from France, some surface-to-air missiles and naval craft from U.K., helicopters from Italy; since 1967 has received significant quantities of armored vehicles, artillery (including self-propelled AA guns), and transport vehicles from the U.S.S.R.; recently procured AA guns and associated radar from Switzerland, and tanks from U.K. (S)

Military budget: For fiscal year ending 20 March 1973, estimated at $1,471.2 million; about 20.3% of total budget

BRIEFING FOR TDY PERSONNEL

Slide #1
ARMISH-MAAG
Logo

● (U) GOOD (MORNING) (AFTERNOON) GENTLEMEN. I AM _____ SINCE YOUR STAY IN IRAN WILL BE BRIEF, WE HAVE DESIGNED A BRIEFING WHICH WILL GIVE YOU A BROAD OVERVIEW OF THE SITUATION HERE, WITH THE HOPE THAT IT WILL ASSIST YOU IN PERFORMING YOUR MISSION. ●

Slide #2
BRIEFING OUTLINE

(C) INTRODUCTION: THIS RESUME BEGINS WITH A CONSIDERATION OF U.S. NATIONAL INTERESTS AT STAKE IN IRAN. IT CONTINUES WITH A BIT OF STAGE SETTING BY WEIGHING THE IMPLICATIONS OF IRAN'S GEOGRAPHIC LOCATION IN THE MIDDLE EAST AND BY EXAMINING THE PRINCIPAL PHYSICAL FEATURES OF THE COUNTRY, SINCE THEY HELP TO EXPLAIN IRAN'S DEFENSE REQUIREMENTS AND DEFENSE POSTURE. WE WILL ALSO TAKE A LOOK AT IRAN'S SOCIAL AND INDUSTRIAL DEVELOPMENT, ITS PEOPLE AND THEIR RELIGION, AND COMMENT BRIEFLY ON A FEW IMPORTANT CULTURAL FACTORS. THIS SERVES AS A PRELUDE TO A STATEMENT OF THE EXTERNAL THREAT AS IT IS PERCEIVED BY IRAN AND THE STRATEGY THAT THE SHAH HAS DEVISED TO COUNTERACT THIS THREAT. AN ANALYSIS OF IRAN'S DEFENSE DECISION-MAKING APPARATUS IS THEN INCLUDED AND FOLLOWED BY A SUMMARY OF THE STRENGTH, DISPOSITION, AND EXPANSION PLANS OF THE THREE MILITARY SERVICES. NEXT, THE REVIEW OUTLINES THE U.S. SECURITY ASSISTANCE PROGRAM OPERATING IN SUPPORT OF THE IRANIAN FORCES AND COVERS IN DETAIL ITS TWO PRINCIPAL COMPONENTS: ARMISH-MAAG, THE MILITARY ASSISTANCE ADVISORY GROUP, AND TAFT, THE TECHNICAL ASSISTANCE FIELD TEAMS.

CONFIDENTIAL

SINCE JANUARY, 1972, IRAN HAS PURCHASED SOME 2-1/2 BILLION DOLLARS' WORTH OF U.S. MILITARY EQUIPMENT, THEREBY MAKING THIS NATION THE LEADING FOREIGN BUYER OF MATERIEL PRODUCED BY AMERICAN DEFENSE INDUSTRIES. A BREAKDOWN OF FOREIGN MILITARY SALES THAT HAVE BEEN CONSUMMATED IS PROVIDED, ALONG WITH A LISTING OF SOME ADDITIONAL MAJOR CASES ON THE HORIZON. IMPRESSIVE THOUGH THEY ARE, THESE MAJOR MILITARY PURCHASES MUST BE COUPLED TO AN AMBITIOUS TRAINING PROGRAM IN ORDER TO TRANSLATE PROCUREMENT INTO COMBAT CAPABILITY. THEREFORE, A RECAPITULATION OF CURRENT AND PROJECTED OUT-OF-COUNTRY MILITARY TRAINING FOR IRANIAN FORCES' PERSONNEL IS ALSO FURNISHED. FINALLY, THE REVIEW CONCLUDES WITH A SYNOPSIS OF FACTORS SUPPLEMENTARY TO THE EXTERNAL THREAT THAT HELP SHAPE THE SHAH'S CONTINUING COMMITMENT TO ENLARGING AND MODERNIZING IRAN'S ARMED FORCES.

Slide #3
MID-EAST
CONFLICT

(U) U.S. INTERESTS: A REVIEW OF U.S. NATIONAL INTERESTS IS A USEFUL POINT OF DEPARTURE BECAUSE IT SERVES TO EXPLAIN WHY THE UNITED STATES HAS SO CONSISTENTLY SUPPORTED IRAN SINCE WORLD WAR II AND WHY THE LEVEL OF THIS SUPPORT HAS RISEN DRAMATICALLY WITHIN THE LAST TWO YEARS. FLANKED AS IT IS BY THE VOLATILE ARAB-ISRAELI CONFLICT TO THE WEST AND THE CONTINUING ANIMOSITY BETWEEN PAKISTAN AND INDIA ON THE SUB-CONTINENT TO THE EAST, IRAN STANDS AS AN ISLAND OF STABILITY AND PROGRESS IN A PART OF THE WORLD WHERE THESE CONDITIONS ARE IN SHORT SUPPLY.

CONFIDENTIAL

Slide #4
CENTO

(C) SECONDLY, THE U.S. IS LINKED TO IRAN BY A BILATERAL SECURITY AGREEMENT DATING BACK TO 1959. THE U.S. AND IRAN ARE ALSO ALLIED WITHIN THE CENTRAL TREATY ORGANIZATION IN WHICH IRAN IS A FULL, AND THE U.S. IS AN ASSOCIATE MEMBER. WITHIN THE PAST FEW YEARS, THE U.S. MILITARY ALLIANCE STRUCTURE HAS BEEN DEVALUED IN SOME QUARTERS ALMOST AS RAPIDLY AS THE DOLLAR ITSELF. NONETHELESS, IT IS STILL REASSURING TO THE UNITED STATES TO HAVE IRAN CONTINUE TO SERVE AS A BUFFER...PREVENTING THE SOVIET UNION FROM GAINING DIRECT ACCESS TO THE PERSIAN GULF AND THE WATERS OF THE INDIAN OCEAN.

Slide #5
MAP -
AIR ROUTES

(C) THIRDLY, AT A TIME WHEN POLITICAL BARRIERS ARE MORE OF AN OBSTACLE THAN TECHNOLOGICAL BARRIERS, IRAN PROVIDES AN IRREPLACEABLE AIR CORRIDOR FOR U.S. MILITARY AIRCRAFT. WHEN ONE CONSIDERS THAT OUR AIRCRAFT ARE PRESENTLY PROHIBITED FROM OVERFLYING THE MEDITERRANEAN'S SOUTHERN SHORE IN AN ARC STRETCHING FROM ALGERIA TO SYRIA, THE AIR ROUTE THROUGH TURKEY AND IRAN AFFORDS THE ONLY PRACTICABLE LINK BETWEEN EUROPE AND SEVERAL KEY DESTINATIONS IN THE INDIAN OCEAN AREA. FOR EXAMPLE, STAGING THROUGH IRAN, THE MILITARY AIRLIFT COMMAND SERVES OUR COMMUNICATIONS STATION IN ETHIOPIA, THE U.S. NAVY'S COMMANDER, MIDDLE EAST FORCE AND THE SECURITY ASSISTANCE PROGRAM IN SAUDI ARABIA.

Slide #6
BALANCE OF
PAYMENTS

(U) FOURTH, BALANCE OF PAYMENTS HAS BEEN A CHRONIC PROBLEM FOR THE U.S. ECONOMY. IN ADDITION TO THE SALE OF MILITARY

EQUIPMENT, IRAN IS A THRIVING MARKET FOR U.S. CAPITAL AND COMMERCIAL GOODS. AT PRESENT, OVER 200 U.S. COMPANIES HAVE RESIDENT OFFICES IN TEHRAN. THIS NUMBER INCLUDES 20 AMERICAN OIL COMPANIES. IRAN EVEN SERVES AS AN IMPORTANT MARKET FOR U.S. AGRICULTURAL COMMODITIES: OVER TWO MILLION DOLLARS WORTH LAST YEAR.

Slide #7
OIL

(C) FIFTH, OIL IS A SUBJECT VERY MUCH ON EVERYONE'S MIND THESE DAYS. THE UNITED STATES CURRENTLY CONSUMES 40 PERCENT OF THE WORLD'S PETROLEUM PRODUCTION. OUR ENERGY NEEDS ARE RISING AT A TIME WHEN OUR DOMESTIC PRODUCTION IS DECLINING. IT IS APPARENT THAT THE UNITED STATES WILL BE COMPELLED TO IMPORT GREATER AMOUNTS OF PETROLEUM AT LEAST THROUGH THE 1980's. AT PRESENT, LESS THAN 5 PERCENT OF IRAN'S OIL EXPORTS ARE SENT DIRECTLY TO THE UNITED STATES. HOWEVER, CONSIDERABLY LARGER AMOUNTS ARE EXPORTED TO OUR PRINCIPAL ASIAN ALLY, JAPAN, AND TO OUR NATO ALLIES IN WESTERN EUROPE. IN VIEW OF THE CELEBRATED ENERGY CRISIS AND THE IMPLEMENTATION OF ARAB THREATS TO USE OIL AS A WEAPON TO PRESSURE THE UNITED STATES INTO MODERATING ITS SUPPORT FOR ISRAEL, IRAN EMERGES AS A SECURE, WILLING, AND INCREASINGLY SIGNIFICANT SOURCE OF U.S. OIL IMPORTS.

(C) LASTLY, BECAUSE OF ITS GEOGRAPHIC LOCATION, IRAN PROVIDES THE SITE FOR SEVERAL INSTALLATIONS WHICH MAKE A VITAL CONTRIBUTION TO U.S. NATIONAL SECURITY.

Slide #8
MAP -
U.S./IRAN

(U) PHYSICAL CHARACTERISTICS: TO MAINTAIN A CORRECT FRAME OF REFERENCE, IT IS NECESSARY TO REMEMBER THAT IRAN IS A LARGE COUNTRY, SOME 636,000 SQUARE MILES. STATING ITS SIZE IN MORE MEANINGFUL TERMS, IF IRAN WERE SUPERIMPOSED ON A MAP OF THE UNITED STATES, IT WOULD COVER MOST OF OUR COUNTRY EAST

Slide #9
MAP -
EUROPE/IRAN

OF THE MISSISSIPPI. SIMILARLY, IRAN WOULD BLANKET MOST OF WESTERN EUROPE, EXTENDING ALONG ONE AXIS FROM SCOTLAND TO ROME AND ALONG THE OTHER FROM THE BALTIC SEA TO THE SPANISH BORDER.

Slide #10
MAP - IRAN
BORDERS

(U) IRAN BORDERS ON TWO MAJOR BODIES OF WATER: THE CASPIAN SEA TO THE NORTH, WHOSE WATERS FURNISH MOST OF THE WORLD'S CAVIAR, AND,
TO THE SOUTH, THE PERSIAN GULF, SOURCE OF THE WORLD'S GREATEST OIL RESERVES.

(U) IRAN IS BOUNDED BY IRAQ AND TURKEY ON THE WEST AND

Slide #11
Camels-Desert

AFGHANISTAN AND PAKISTAN ON THE EAST. IT IS LARGELY A SEMI-ARID PLATEAU WITH HIGH MOUNTAIN RANGES AND A CONSIDERABLE AMOUNT OF

Slide #12
CASPIAN AREA

BARREN DESERT. THE CASPIAN SEA IS SEMI-TROPICAL AND EXTREMELY

Slide #13
PERSIAN GULF

FERTILE, WHILE THE PERSIAN GULF AREA IS VERY HOT AND ARID.

(U) IRAN HAS THREE SIGNIFICANT GEOGRAPHICAL FEATURES. THE

Slide #14
ALBORZ
MOUNTAINS

ALBORZ MOUNTAIN RANGE EXTENDS FROM SOUTHEAST TURKEY ALONG A 1,200 MILE FRONTIER WITH RUSSIA TO THE AFGHANISTAN BORDER.

Slide #15
MT. DAMAVAND

ELEVATIONS RANGE FROM 86 FEET BELOW SEA LEVEL TO THE CASPIAN SEA, TO NEARLY 19,000 FEET ABOVE SEA LEVEL AT MOUNT DAMAVAND.

CONFIDENTIAL

Slide #16
RUGGED MOUNTAINS
Slide #17
ROAD CROSSINGS
Slide #18
TEHERAN
Slide #19
MESHAD

(U) THE ALBORZ MOUNTAIN RANGE IS EXTREMELY RUGGED AND PROVIDES A NATURAL BARRIER EXCEPT FOR A FEW CROSSINGS TO THE NORTH. THE CITIES OF TEHRAN AND MESHAD ARE LOCATED IN THIS AREA.

Slide #20
CASPIAN AREA

(U) THE AREA FROM THE NORTHERN SLOPES OF THE ALBORZ MOUNTAINS TO THE CASPIAN SEA EXPERIENCES ABUNDANT RAIN AND MODERATE WEATHER THE YEAR ROUND. MOUNTAIN STREAMS AND WINDING RIVERS GIVE THE CASPIAN COASTAL AREA THE APPEARANCE OF A LUSH, RICH, FERTILE AND AGRICULTURAL LAND. THE AREA PRODUCES A WIDE VARIETY OF CROPS, INCLUDING RICE, SUGAR CANE, CORN, FLAX, COTTON, TOBACCO AND TEA. OF GREAT IMPORTANCE ALSO ARE THE MANY CITRUS PRODUCTS WHICH ALSO COME FROM THIS REGION. THE

Slide #21
CITRUS ITEMS

Slide #22
TABRIZ

CITY OF TABRIZ IS LOCATED NEAR THIS GENERAL REGION AND IS PRIMARILY FAMOUS FOR ITS MAGNIFICENT SHAH AND GOLESTAN GARDENS. THE MAIN PRODUCTS ARE CARPETS, BLANKETS AND SOME EXCELLENT SILVER ITEMS.

Slide #23
ZAGROS MOUNTAINS

(U) THE SECOND MAJOR GEOGRAPHICAL AREA OF IRAN IS THE ZAGROS MOUNTAIN RANGE WHICH RUNS FROM THE KURDISTAN MOUNTAINS IN TURKEY ALONG THE BORDER WITH IRAQ TO THE BALUCHISTAN MOUNTAINS

Slide #24
HUNT SCENE

IN PAKISTAN. THEY ARE AS RUGGED IN PLACES AS THE ALBORZ RANGE, AND HAVE FAR GREATER DEPTH, VARYING IN WIDTH FROM 200 TO 250 MILES IN CERTAIN AREAS.

Slide #25
TOMB OF SAADI

(U) THE CITY OF SHIRAZ IS LOCATED IN THE ZAGROS MOUNTAIN RANGE AND IS CALLED IRAN'S MOST POETIC CITY. THE TOMBS OF SUCH

CONFIDENTIAL

Slide #26
TOMB OF HAFEZ

Slide #27
PERSEPOLIS

Slide #28
2500th
ANNIVERSARY

Slide #29
DESERT

Slide #30
ISFAHAN

Slide #31
BRASS SHOP

Slide #32
MOSQUE
Slide #33
ANCIENT BRIDGE

Slide #34
OIL

FAMOUS POETS AS SAADI AND HAFEZ ARE LOCATED HERE. NEARBY IS THE VERY ANCIENT CITY, AND FORMER CAPITAL OF THE PERSIAN EMPIRE, PERSEPOLIS, OR AS LOCALLY PREFERRED, "TAKHTE-JAMSHID," SITE OF THE TWO THOUSAND FIVE HUNDREDTH ANNIVERSARY CELEBRATIONS IN 1971. THESE TWO RUGGED RANGES CRADLE A VAST, ARID, CENTRAL PLATEAU THAT IS LARGELY DEVOID OF VEGETATION, ANIMAL LIFE OR HUMAN HABITATION.

(U) LOCATED IN EASTERN AND CENTRAL IRAN, THIS HUGE WASTELAND VARIES IN ELEVATION FROM 1,000 TO 8,000 FEET, AND BORDERS WITH AFGHANISTAN AND PAKISTAN. THE GREAT PLATEAU CONTAINS THE DASHT-E-KAVIR AND THE DASHT-E-LUT DESERTS. THE CITY OF ISFAHAN IS LOCATED ON THE EDGE OF THIS PLATEAU AND CONTAINS THE GREATEST COLLECTION OF BEAUTIFUL MOSQUES IN A SINGLE CITY OF IRAN, ALONG WITH THE LARGEST NUMBER OF TEXTILE MILLS. MOST OF THE BRASS AND OTHER EXQUISITE HANDICRAFT ITEMS COME FROM ISFAHAN'S LARGE WORKING BAZAAR. FROM A TOURIST POINT OF VIEW, ISFAHAN IS PROBABLY THE MOST REWARDING CITY OF IRAN WITH ITS BEAUTIFUL MOSQUES, ANCIENT BRIDGES AND UNUSUAL SIGHTS.

(U) TRADITIONALLY, THE MOUNTAINS HAVE SERVED AS DEFENSIVE RAMPARTS FOR THE NATION. IRONICALLY, HOWEVER, IRAN'S FOREMOST STRATEGIC TARGETS--HER OIL PRODUCTION, REFINING AND EXPORT FACILITIES IN THE SOUTHWEST--ARE SITUATED ON AN ALLUVIAL PLAIN OUTSIDE THE MOUNTAIN DEFENSES.

SECRET

Slide #35
OIL TANKER

(U) LAVAN AND KHARG ISLANDS IN THE PERSIAN GULF ARE PRIME STORAGE AND TRANSSHIPMENT SITES FOR IRAN'S OIL PRODUCTS.

Slide #36
PIPELINE

PERSIA'S ANCIENT SPLENDORS ARE RAPIDLY BEING OVERTAKEN BY SUCH MODERN DEVELOPMENTS AS A GAS PIPELINE FROM THE PERSIAN GULF TO RUSSIA.

Slide #37
PEOPLE

(U) PEOPLE, RELIGION, CULTURE. IRAN'S POPULATION IS ABOUT 30 MILLION, MOST OF WHOM ARE MOSLEMS, THAT IS, ADHERENTS OF ISLAM.

Slide #38
ISLAM

IRAN'S MOSLEMS ARE MOSTLY OF THE SHIITE BRANCH, AS OPPOSED TO THE SUNNI BRANCH, OF ISLAM. THERE ARE IN IRAN ARABS, TURKS, AFGHANS, AND PAKISTANIS WHO ARE ALSO MOSLEMS. RELIGIOUS MINORITIES INCLUDE CHRISTIANS, JEWS, AND ZOROASTRIANS. THERE ARE ABOUT 80,000 JEWS IN IRAN TODAY, AND THEY FORM ONE OF THE OLDEST JEWISH COLONIES IN THE WORLD.

(U) THE SEPARATION OF THE SHIITE BRANCH OF ISLAM AND THE SUNNI BRANCH REVOLVES AROUND A QUARREL OVER SUCCESSION FOLLOWING THE DEATH OF THE PROPHET MOHAMMED. SHIITES BELIEVE THAT SUCCESSION PASSED FROM MOHAMMED TO HIS SON-IN-LAW, ALI, AND FROM ALI TO A SUCCESSION OF IMAMS, THE TWELFTH IMAM BEING THE HIDDEN IMAM WHO DISAPPEARED BUT WILL ONE DAY RETURN. THE SUNNI SECT, TO WHICH VIRTUALLY EVERY ARAB BELONGS, BELIEVES, ON THE OTHER HAND, THAT THE PROPER SUCCESSION PASSED TO A LINE OF ELECTED CALIPHS. THE SHIITES DO NOT BELIEVE THEY ARE STRICTLY BOUND BY THE KORAN--THUS, THEIR MORE FLEXIBLE ATTITUDE TOWARD ALCOHOL, FOR EXAMPLE.

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(U) RELIGION HAS TRADITIONALLY PLAYED A MORE IMPORTANT ROLE IN THE LIFE OF IRANIANS THAN IT HAS IN THE LIFE OF MOST WESTERNERS. BECAUSE EMOTIONAL AND INTELLECTUAL REACTIONS TO THE MATERIAL ENVIRONMENT WERE OFTEN FORMULATED IN TERMS OF RELIGION, ALMOST ALL RELIGIOUS MOVEMENTS IN IRAN HAVE HAD STRONG SOCIAL AND POLITICAL IMPLICATIONS.

(U) THE CLERGY IS BASICALLY A CONSERVATIVE FORCE IN IRAN TODAY. THEY HAVE STRONGLY OPPOSED THE SHAH'S REFORM PROGRAM, PARTICULARLY LAND REFORM AND THE EMANCIPATION OF WOMEN. EVEN MODERN LAW, SUCH AS THE RECENTLY ENACTED DIVORCE LAWS, ARE BASED AROUND THE TENETS OF THE KORAN.

(U) THE LEGITIMACY OF THE RULING DYNASTY IS BASED ON THE THEORY THAT THE SHAH RULES HIS PEOPLE AS THE VICE-REGENT OF THE HIDDEN IMAM, ONE WHO, ACCORDING TO SHIITE ISLAM, WILL RETURN IN THE LAST DAYS TO ESTABLISH A WORLD OF TRUTH, PEACE AND JUSTICE.

Slide #39
NOMADS

(U) ABOUT THREE PERCENT OF THE TOTAL POPULATION OF IRAN CONSISTS OF TRIBAL PEOPLE AND NOMADS WHO, UNTIL RECENTLY, TWICE YEARLY PACKED ALL THEIR BELONGINGS ON CAMELS, MULES, AND DONKEYS TO MIGRATE TO BETTER PASTURES. AS PART OF RECENT REFORMS, MEASURES HAVE BEEN TAKEN BY THE GOVERNMENT TO GET THESE PEOPLE SETTLED IN VILLAGES AND TOWNS AND ENGAGED IN ANIMAL HUSBANDRY, AGRICULTURE OR SMALL BUSINESS.

CONFIDENTIAL

Slide #40
TRIBAL COSTUMES

(U) THE MAJOR TRIBAL GROUPS ARE THE KURDS, THE BAKHTIARIS, THE GASHGHAI, THE BALUCHIS AND THE TURKOMANS. THERE ARE ALSO NUMEROUS SMALLER TRIBES SUCH AS THE LURDS, SHAHSAVANS, AFSHARS AND OTHER MINOR TRIBAL ELEMENTS. OF THOSE MENTIONED, THE KURDS AND THE BAKHTIARIS ARE THE LARGEST, NUMBERING ABOUT TWO MILLION AND ONE MILLION RESPECTIVELY. EXCEPT FOR AN ABORTIVE RUSSIAN ATTEMPT AFTER WORLD WAR II, THE KURDS HAVE NEVER BEEN A NATION, BUT HAVE BEEN A DISTINCT ETHNIC GROUP FOR ABOUT 3,000 YEARS. THE IRANIAN KURDS LIVE IN THE NORTHWESTERN BORDER AREA.

Slide #41
PERSIAN CULTURE

(U) JUST AS THE RELIGION OF IRAN IS DIFFERENT FROM OUR OWN, SO IS THEIR CULTURE. WHILE SOME OF ITS ASPECTS CAN BE PERPLEXI THERE ARE OTHER FACETS WHICH ARE MOST ENJOYABLE. WITHOUT GOING INTO A COMPREHENSIVE DISCUSSION, LET ME JUST TOUCH ON A FEW POINTS.

(U) MOST IRANIANS LOOK UPON WESTERNERS AS BEING COLD-BLOOD AND UNRESPONSIVE, CARING MORE ABOUT PRIVACY, ACCURACY AND RULES THAN ABOUT PERSONAL LOYALTY, WHILE SEEING THEMSELVES AS WARM, GENEROUS AND KIND.

(U) YET, PROBABLY ONE OF THE THINGS WHICH "BUGS" AMERICANS MOST IS THIS WALLED SOCIETY WHICH IS DIFFICULT TO PENETRATE. T IRANIAN FAMILY IS THE CENTER OF THIS SOCIETY. BEHIND THESE WAL THEY LIVE IN LITTLE OASES OF SAFETY SURROUNDED BY THEIR RELATI AND FRIENDS, THOSE THEY KNOW THEY CAN TRUST, PEOPLE WHO ARE "KHODI"---OR "ONE OF US."

Slide #42
PERSONAL DIGNITY

(U) JUST AS IRANIANS VALUE THEIR FAMILY AND FRIENDS, IRANIANS ALSO VALUE THEIR SELF-RESPECT. THOSE WHO HAVE SERVED IN THE ORIENT KNOW HOW IMPORTANT "FACE" IS. IRANIANS CALL THIS "AB-E-RU,"---"THE WATER OF HIS FACE." IF YOU GIVE SOMEONE A DRESSING DOWN IN FRONT OF OTHERS, YOUR WORDS CAN HURT HIM MORE THAN IF YOU HIT HIM. INSULTS REALLY HURT HERE. AND SOME OF THE THINGS YOU MIGHT CALL HIM CASUALLY, EVEN IN ENGLISH, REALLY HIT HOME. YOU JUST HAVE NO WAY OF KNOWING HOW DEEPLY INFURIATING OR HURTFUL A PARTICULAR PHRASE MAY BE.

(U) AND BY THE WAY, GESTURES HAVE A WHOLE NEW WORLD OF MEANING HERE. EVEN THE HARMLESS "THUMBS UP" SIGN HAS A VERY INSULTING CONNOTATION. IRANIANS TALK WITH THEIR HANDS. LEARN THE LANGUAGE BEFORE YOU TRY TO TALK WITH YOURS.

(U) YOU CAN INSULT PEOPLE IN OTHER WAYS BESIDES CRITICISM. PEOPLE OF LOWER STATUS WILL GREET YOU FIRST, BUT YOU SHOULD ALWAYS SAY "SALAM" BACK. IN IRAN, IT'S POLITE TO RISE WHEN AN EQUAL OR SOMEONE OF HIGHER STATUS ENTERS THE ROOM. SOME WOMEN WILL ALSO RISE FOR OTHER WOMEN OR FOR IMPORTANT OLDER MEN. AND WHEN A GUEST IS LEAVING YOUR HOUSE, ALWAYS SEE HIM OUT TO THE STREET OR AT LEAST ACCOMPANY HIM PART WAY. IF YOU DON'T, IT WILL SEEM YOU LOOK DOWN ON HIM.

Slide #43
NO WORD FOR NO

(U) THE IRANIAN CONCERN FOR SELF-RESPECT LEADS TO ANOTHER CHARACTERISTIC WHICH WESTERNERS FIND PUZZLING. DID YOU KNOW

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THERE IS NOT A GOOD STRONG WORD FOR "NO" IN THE PERSIAN LANGUAGE? THEY DON'T WANT TO DISAPPOINT YOU, AND THEY'LL TELL YOU WHAT THEY THINK YOU WANT TO HEAR. YOU MAY BE FRUSTRATE AT NOT BEING ABLE TO GET CRITICISM OR AN "HONEST NO" FROM PEOPLE. THEY MAY BE PROTECTING YOUR "AB-E-RU."

Slide #44
TAAROF

(U) IN IRAN YOU WILL ENCOUNTER AN ELABORATE SYSTEM OF COURTESY CALLED "TAAROF." SOME OF THE POLITE PHRASES CAN SEEM VERY CHARMING TO NEWCOMERS, AND YOU CAN ENJOY LEARNING ABOUT TH JUST AS YOU LEARN ABOUT PERSIAN MUSIC OR HANDICRAFTS. FOR INSTANCE, IF YOU FIND YOU HAVE BEEN STANDING WITH YOUR BACK TO SOMEONE AND YOU APOLOGIZE, HE MAY REPLY, "A FLOWER HAS NEITHER BACK NOR FRONT." ANOTHER EXAMPLE IS THE PRACTICE OF ARGUING ABOUT WHO SHOULD GO FIRST THROUGH A DOOR. THERE IS A CORRECT ORDER, AND IN THE END IT WILL BE FOLLOWED. THE MOST IMPORTANT OR SENIOR GETS THE PRIVILEGE AND USUALLY THE FOREIGN COLLEAGUE HAS THIS HIGH STATUS--BUT DON'T TAKE IT FOR GRANTED. THIS WOU BE RUDE. WOMEN DO GENERALLY PRECEDE.

(U) "TAAROF" FOR A FOREIGNER IS A LITTLE LIKE BARGAINING-- YOU CAN HAVE A BIT OF FUN AND A LITTLE MISCHIEF BECAUSE THERE IS A CERTAIN SPORT INVOLVED. BUT BEHIND "TAAROF" IS A REAL AND PROFOUND GENEROSITY AND HOSPITALITY. SO IT'S WORTH TRYING TO GET INTO THE SPIRIT OF IT.

Slide #45
HOSPITALITY

(U) IRANIANS SAY "THE GUEST IS BELOVED OF GOD," AND EVER

STRANGER WHO COMES TO IRAN CAN DELIGHT IN IRANIAN HOSPITALITY, WHICH APPROACHES A NATIONAL ART FORM.

(U) WHOEVER GIVES AN INVITATION OR SUGGESTS A TRIP IS THE HOST, ONE OF THE PROUDEST ROLES AN IRANIAN CAN HAVE. "PAYING GUEST" OR "DUTCH TREAT" ARE UNKNOWN HERE. A TRIP TO THE MOVIES OR A RESTAURANT ENDS IN A VEHEMENT DEBATE OVER WHO WILL PAY. BUT AS WITH THE DEBATE ABOUT GOING THROUGH DOORS, THE FINAL SOLUTION IS MORE OR LESS DETERMINED. DON'T WORRY ABOUT PAYING BACK SOCIAL DEBTS. IRANIANS ENJOY BEING HOST AND ARE HONORED BY YOUR COMPANY. HOSPITALITY IN IRAN IS SO STRONG AND IMPORTANT A TRADITION THAT A GUEST MUST BE EXTRA CAREFUL NOT TO IMPOSE. POOR PEOPLE WILL GO TO GREAT EXPENSE TO SERVE A GUEST, ESPECIALLY A FOREIGNER. DON'T ADMIRE YOUR HOST'S PROPERTY TOO MUCH--HE MAY INSIST ON GIVING IT TO YOU, WHICH YOU MUST THEN STRUGGLE TO REFUSE.

Slide #46
EATING HABITS

(U) MOST IRANIANS EAT THEIR MAIN MEAL AT NOON, FOLLOWED BY A NAP IN HOT WEATHER, WITH JUST A LIGHT SNACK IN THE EVENING--JUST BREAD, BERBS AND CHEESE. BUT WHEN YOU'RE INVITED OUT A LARGE MEAL WILL BE SERVED.

(U) IN TRADITIONAL CIRCLES, THE GUEST IS SERVED TEA IMMEDIATELY IN MODERN CIRCLES, COCKTAILS ARE LIKELY TO APPEAR, THOUGH MOST WOMEN WILL ASK FOR SOFT DRINKS. WHEN GIVEN A CHOICE, REMEMBER WHISKEY IS EXPENSIVE: VODKA AND BEER ARE NOT.

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(U) IRANIANS SAY THAT THE SIGHT OF A GENEROUS TABLE IS WHAT SATISFIES THEM--THE TABLE HAS "BARAKAT"---BOUNTY. IN A TRADITIONAL HOME, A CLOTH---"SOFRE"---IS SPREAD ON THE CARPETED FLOOR WITH GUESTS SITTING AROUND IT. IN MORE MODERN HOMES FOOD IS SERVED BUFFET STYLE AND GUESTS TAKE FOOD ON THEIR PLATE AND REMAIN CLUSTERED AROUND THE TABLE, REACHING FOR MORE AS THEY WANT IT. IN IRAN THE ENJOYMENT OF FOOD IS A SERIOUS AND IMPORTANT MATTER. EATING IS RAPID AND ABSORBING, WITH LITTLE CONVERSATION. THE RULE TO FOLLOW IS--EAT AS SOON AS YOU HAVE FOOD--PITCH IN--DON'T LET IT GET COLD WHILE YOU WAIT FOR OTHERS, BUT DON'T FEEL YOU HAVE TO EAT MORE THAN YOU WANT, EVEN THOUGH YOUR HOST URGES YOU STRONGLY. A COUPLE OF MORE TIPS--TEA MUST BE SIPPED BUT NEED NOT BE FINISHED--AND SWEETS AND FRUITS MAY BE ACCEPTED AND LEFT UNTOUCHED.

Slide #47
WHICH DAY?

(U) INVITATIONS ARE CONFUSING SINCE IDEAS OF TIME DIFFER. THE IRANIAN "DAY" BEGINS AT SUNDOWN, SO "EVENING" MAY MEAN BETWEEN ONE DAY AND THE NEXT. FOR EXAMPLE, FRIDAY EVENING MAY MEAN THE EVENING BETWEEN THURSDAY AND FRIDAY. BETTER CHECK.

Slide #48
SHAH

(U) THERE IS JUST ONE LAST POINT I WOULD LIKE TO EMPHASIZE WITH REGARD TO PERSIAN CULTURE. THE IRANIANS ARE EXTREMELY PROUD OF THEIR HERITAGE, THEY ARE VERY PROUD OF THEIR SHAH--- AND THEY ARE PROUD OF THEIR FLAG. WHILE THEY MAY ACCORD THEMSEL THE PRIVILEGE OF CRITICISING THEIR GOVERNMENT AND THEIR INSTITU

THEY ARE QUICK TO TAKE OFFENSE SHOULD ANYONE ELSE DO SO. EVEN REMARKS MADE IN JEST MAY BE TAKEN SERIOUSLY. MY ADVICE TO YOU WOULD BE TO BE VERY CIRCUMSPECT IN THIS AREA WHEN YOU ARE IN THE COMPANY OF IRANIANS. AFTER ALL, WE GET MAD WHEN SOMEONE FROM ANOTHER COUNTRY POKES FUN AT THE UNITED STATES--WHY SHOULDN'T THEY?

(U) SOCIAL AND INDUSTRIAL DEVELOPMENT. THOSE OF YOU WHO HAVE READ SOMETHING OF THE RECENT HISTORY OF IRAN KNOW THAT HIS IMPERIAL MAJESTY, THE SHAHANSHAH, HAS HAD A LONG-STANDING PROGRAM OF DEVELOPMENT FOR IRAN. HE FIRST ANNOUNCED IT IN A BOOK CALLED MISSION FOR MY COUNTRY, PUBLISHED IN 1962. LATER, HE ANNOUNCED A "WHITE REVOLUTION" AND WROTE A SECOND BOOK BY THAT TITLE WHICH OUTLINED TWELVE MAJOR PROGRAMS OF REFORM. THOSE PROGRAMS, NOW CALLED THE "REVOLUTION OF THE SHAH AND THE PEOPLE" FORM THE BASIS FOR SOCIAL REFORM IN THIS COUNTRY. LET'S EXAMINE THOSE PROGRAMS BRIEFLY. THE BACKBONE IS LAND REFORM, AND IN THIS PROGRAM HIS MAJESTY SET THE EXAMPLE BY GIVING AWAY MOST OF THE ROYAL LANDS, AND HE REQUIRED ABSENTEE LANDLORDS TO TURN OVER THE LAND TO THOSE WHO ACTUALLY CULTIVATED IT. NOW OVER A DECADE OLD, THIS PROGRAM HAS BEEN EXPANDED TO INCLUDE A SYSTEM OF FARM COOPERATIVES, LOAN PROGRAMS FOR PURCHASING TRACTORS AND FERTILIZER, AND A GENERAL MODERNIZATION PROGRAM FOR AGRICULTURE.

Slide #49
LAND REFORM

Slide #50
LITERACY CORPS
HEALTH CORPS
R & D CORPS

(U) THE NEXT THREE PROGRAMS ARE CLOSELY RELATED. AS YOU MAY KNOW, EACH YOUNG MAN AND WOMAN IN IRAN IS REQUIRED, IF CALLED UPON, TO SERVE TWO YEARS OF NATIONAL SERVICE. IN ADDITION TO

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THREE MILITARY SERVICES, MEN AND WOMEN, USUALLY HIGH SCHOOL OR COLLEGE GRADUATES, ARE BROUGHT INTO THE MILITARY, GIVEN A FEW WEEKS OF BASIC TRAINING, AND THEN TURNED OVER TO THE CIVILIAN MINISTRIES FOR FURTHER TRAINING, AND THEN THEY GO OUT TO THE VILLAGES TO PERFORM THE REMAINDER OF THEIR SERVICE. IN THE CASE OF THE LITERACY CORPS, THEY SET UP SCHOOLS AND TEACH THE VILLAGE YOUNGSTERS AND ADULTS ALIKE TO READ, WRITE AND SO FORTH. THE HEALTH CORPS SETS UP VILLAGE CLINICS, ADMINISTERS IMMUNIZATIONS AND TEACHES SANITATION. THE RECONSTRUCTION AND DEVELOPMENT CORPS BUILDS STREETS, VILLAGE CENTERS AND ENGAGES IN OTHER PROJECTS NEEDED BY THE VILLAGES.

Slide #51
ELECTORAL REFORMS

(U) ANOTHER ASPECT OF THE WHITE REVOLUTION WAS THAT OF ELECTORAL REFORMS. IT WAS ONLY ABOUT TEN YEARS AGO THAT WOMEN WERE GIVEN THE RIGHT TO VOTE, BUT PERHAPS A MORE IMPORTANT ASPECT OF THIS REFORM PROGRAM WAS A SYSTEM OF REAPPORTIONMENT WHICH SPREAD THE REPRESENTATION IN THE SENATE AND THE MAJLIS MORE EQUITABLY AMONG VARIOUS GEOGRAPHICAL AREAS AND ETHNIC SEGMENTS OF THE POPULATION.

Slide #52
ADMIN REFORM

(U) PRIOR TO THE INCEPTION OF THE WHITE REVOLUTION IRAN'S GOVERNMENT AGENCIES WERE LETHARGIC AND IT WAS DIFFICULT TO GET ANYTHING ACCOMPLISHED. GOVERNMENT EMPLOYEES WERE POORLY PAID, AND "BACK-SHISH" - THE PERSIAN WORD FOR GIFT - WAS USUALLY REQUIRED TO GET ANYTHING DONE. HIS MAJESTY HAS NOT ONLY RAISED SALARIES OF GOVERNMENT EMPLOYEES, BUT THERE IS AN AGGRESSIVE PROGRAM TO IMPROVE

Slide #53
EQUITY HOUSES

EFFICIENCY AND TO EDUCATE GOVERNMENT WORKERS. ALMOST EVERY GOVERNMENT EMPLOYEE YOU MEET IS ATTENDING SOME TYPE OF CLASS IN THE EVENING.

(U) UNTIL RECENTLY THERE WAS NO OFFICIAL JUDICIAL SYSTEM AT THE VILLAGE LEVEL. THE WHITE REVOLUTION ENVISIONS A SYSTEM OF EQUITY HOUSES, WITH APPOINTED JUDGES, TO SETTLE DISPUTES THAT MAY ARISE. THE EIGHT THOUSANDTH EQUITY HOUSE WAS RECENTLY OPENED NEAR RASHT--CONSIDERABLE PROGRESS IN A DECADE.

Slide #54
INDUSTRY

(U) IRAN IS ALSO STRIVING TO BUILD AN INDUSTRIAL BASE THAT WOULD RIVAL THAT OF WESTERN EUROPEAN COUNTRIES. TO GET VARIOUS INDUSTRIES STARTED, THE GOVERNMENT GENERALLY ORGANIZES THEM, OFTEN AS A JOINT VENTURE WITH A CAPITALISTIC COMPANY FROM SOME OTHER COUNTRY. AS THE INDUSTRY PROSPERS, IRANIANS ARE ALLOWED TO PARTICIPATE THROUGH THE PURCHASE OF THE STATE'S SHARES IN THE INDUSTRY. IN ADDITION, THERE ARE PROFIT SHARING PROGRAMS IN THE VARIOUS INDUSTRIES TO ENCOURAGE EFFICIENCY AND PRODUCTION.

Slide #55
COUNTRY
MODERNIZATION

(U) IRAN'S PROGRAM FOR MODERNIZATION NEEDS NO FURTHER COMMENT. ALL YOU HAVE TO DO IS LOOK AROUND, READ THE NEWSPAPERS, AND YOU WILL AGREE THAT THERE IS PROBABLY NO OTHER COUNTRY IN THE WORLD TODAY THAT IS MAKING SO MUCH PROGRESS IN SO MANY AREAS.

Slide #56
NATIONALIZATION
OF PASTURES,
FORESTS, AND
WATER

(U) IT IS HARD TO BELIEVE, IF YOU FLY OVER THIS GREAT, BARREN LAND, THAT NOT TOO MANY HUNDREDS OF YEARS AGO THERE WERE TREES HERE AND PASTURES IN ABUNDANCE. IN ORDER TO RETURN TO THOSE DAYS OF PLENTY, THE GOVERNMENT OF IRAN HAS NATIONALIZED WATER, FOREST

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AND PASTURE RESOURCES AND HAS AN AGGRESSIVE PROGRAM OF REFORESTATION, FOREST MANAGEMENT, PASTURE IMPROVEMENT, IRRIGATION DEVELOPMENT AND THE USE OF WATER TO PRODUCE ELECTRICAL POWER.

(U) THIS, THEN, IS THE REVOLUTION OF THE SHAH AND THE PEOPLE. IT IS A VERY REAL REVOLUTION, AND THE GOVERNMENT IS PLOWING EVERY DOLLAR OR RIAL THEY CAN INTO IT.

Slide #57
SHAHYAD
MONUMENT

(U) YOU WILL RECALL THE TWO THOUSAND FIVE HUNDREDTH ANNIVERSARY CELEBRATION HELD AT PERSEPOLIS IN 1971. THE SHAHYAD MONUMENT WHICH NOW FORMS THE GATEWAY TO THE CITY OF TEHRAN FROM THE AIRPORT AT MEHRABAD WAS ALSO BUILT TO COMMEMORATE THE OCCASION. THAT CELEBRATION WAS THE SHAHANSHAH'S WAY OF ANNOUNCING TO THE WORLD THAT IRAN HAD COME OF AGE IN THE FAMILY OF MODERN NATIONS. HIS MAJESTY HAD MADE IT CLEAR THAT IRAN WILL ASSUME A STABILIZING ROLE IN THIS PART OF THE WORLD.

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(U) INDUSTRIAL DEVELOPMENT. THROUGH A CONSTRUCTIVE USE OF ITS RESOURCES, IRAN HAS ACHIEVED ONE OF THE HIGHEST RATES OF ECONOMIC GROWTH IN THE WORLD, A RATE DOUBLE THAT OF THE UNITED STATES. THE COST OF LIVING HAS RISEN STEADILY BUT IS STILL LESS THAN THE RATE EXPERIENCED IN THE UNITED STATES.

Slide #58
OIL

(U) THE REVENUE FROM IRAN'S VAST OIL RESOURCES HAS DOUBLED OVER THE PAST FIVE YEARS AND HAS BEEN EMPLOYED TO FINANCE 65 PERCENT OF IRAN'S TOTAL IMPORTS, OF WHICH THREE-FOURTHS WERE CAPITAL GOODS AND RAW MATERIALS TO FURTHER INCREASE THE EXPANSION OF IRAN'S INDUSTRY. SOME RECENT EXAMPLES OF THE RAPID INDUSTRIAL EXPANSION ARE THE CONTINUED DEVELOPMENT OF THE KHARG AND LAVAN PETROLEUM STORAGE AND SHIPPING FACILITIES FOR CRUDE OIL EXPORTS. ONE OF IRAN'S LARGEST INDUSTRIAL ENTERPRISES, A GAS PIPELINE TO RUSSIA, COST AN ESTIMATED 550 MILLION DOLLARS. A SOVIET-ASSISTED MACHINE CONSTRUCTION PLANT AT ARAK WAS RECENTLY DEDICATED ALONG WITH WORK ON A SIMILAR PRODUCTION FACILITY FOR WEAVING MACHINERY. ISFAHAN IS THE SITE FOR A NEW STEEL FOUNDRY BUILT BY THE RUSSIANS WHICH COST AN ESTIMATED 300 MILLION DOLLARS.

(U) OTHER PROJECTS INCLUDE A RUMANIAN TRACTOR PLANT WHICH IS TURNING OUT 5,000 TRACTORS A YEAR. AN EXCELLENT CREDIT ARRANGEMENT WITH CZECHOSLOVAKIA WILL RESULT IN A GENERATOR MANUFACTURING PLANT, A TURBO-JET PLANT, A CEMENT PLANT AND A SUGAR REFINERY. THERE ARE SOME CONCRETE FINANCIAL REASONS FOR

THIS NON-WESTERN INCREASE OF BUSINESS. THE SOVIET BLOCK GENERALLY EXTENDS ITS CREDIT OVER TWELVE YEARS AT AN EXTREMELY LOW INTEREST RATE OF ONLY TWO AND ONE-HALF PERCENT; THESE ARE INCENTIVES WESTERN GOVERNMENTS AND FIRMS DO NOT CHOOSE TO MATCH.

(U) IRAN IS ALSO ABLE TO REPAY SOVIET BLOCK CREDITS BY SELLING GAS, WHICH USED TO BE FLARED, OR WASTED. WESTERN FIRMS ARE, HOWEVER, ALSO CONTRIBUTING TO THE RAPID INDUSTRIAL EXPANSION. AN AMERICAN MILL WAS RESPONSIBLE FOR TURNING OUT MOST OF THE 42-INCH PIPE FOR THE GAS PIPELINE TO RUSSIA AND FOR SURVEYING AND LAYING IT.

(U) OTHER ACTIVITIES ARE THE LARGE-SCALE MINING OPERATIONS NOW GOING ON AND THE CONTINUED DEVELOPMENT OF THREE PETRO-CHEMICAL PLANTS IN ABADAN AND KHARG ISLAND. SPANISH, GERMAN AND BRITISH INTERESTS ARE INVOLVED IN ELECTRICAL POWER, SHIP BUILDING AND MANUFACTURING OPERATIONS.

Slide #59
REFRIGERATORS
Slide #60
STOVES
Slide #61
TV SETS

(U) IN THE CONSUMER GOODS FIELD, IRAN NOW MANUFACTURES ITS OWN REFRIGERATORS, STOVES, AND RADIO AND TELEVISION SETS. IN THIS FIELD, THE EARTH SATELLITE STATION AT HAMADAN HAS ENABLED IRAN TO RECEIVE BROADCASTS OF THE VISIT OF THE SHAH TO THE UNITED STATES, SOME OF THE APOLLO MISSIONS, AND SELECTED SPORTS EVENTS AND TO BROADCAST HIGHLIGHTS OF THE IMPRESSIVE MONARCHY CELEBRATIONS IN 1971.

Slide #62
VEHICLES

ALSO BEING MANUFACTURED IN IRAN ARE BUSES, PASSENGER AUTOMOBILES AND JEEPS, TRUCKS AND LOAD-CARRYING

CONFIDENTIAL

Slide #63
GLASSWARE

TRANSPORTERS, ALONG WITH SOME FARM MACHINERY.

(U) IRANIAN CRAFTSMEN ARE TURNING OUT DELICATE GLASSWARE

Slide #64
CARPETS

ALONG WITH THE WORLD-RENOWNED PERSIAN CARPETS STILL BLING WOVEN IN MOST PARTS OF THE COUNTRY BY COUNTLESS MEN AND WOMEN.

Slide #65
VODKAS AND
WINES

ALSO BEING MANUFACTURED UNDER LICENSE ARE VODKAS AND OTHER ALCOHOLIC PRODUCTS.

Slide #66
BOATS

A GOOD EXAMPLE OF THE PROGRESS WHICH HAS BEEN MADE HERE IS THE FACT THAT ONE CAN BUY LOCALLY-MANUFACTURED FIBERGLASS PLEASURE BOATS.

(C) EXTERNAL THREAT: MUCH OF THE RATIONALE FOR IRAN'S MILITARY BUILDUP RESIDES IN THE EXTERNAL THREAT AS IT IS

Slide #67
SOVIET THREAT

PERCEIVED BY THE SHAH. TRADITIONALLY, THE SOVIET UNION HAS CONSTITUTED THE PRINCIPAL THREAT CONFRONTING IRAN. DURING WORLD WAR II, THE SOVIETS INTERVENED AND OCCUPIED THE NORTHERN HALF OF THE COUNTRY. SIMULTANEOUSLY, BRITISH FORCES INTERCEDED TO CONTROL THE SOUTHERN HALF OF IRAN. BY THEIR ACTIONS, THE TWO POWERS SOUGHT TO INSURE A VITAL ALLIED SUPPLY ROUTE TO THE SOVIET UNION. THEY AGREED TO WITHDRAW FROM IRAN PROMPTLY AT THE CONCLUSION OF THE WAR. THE BRITISH HONORED THIS AGREEMENT, BUT THE SOVIETS LINGERED ON IN THEIR SECTOR, ATTEMPTING TO SUBVERT THE LOCAL POPULACE AND TO ESTABLISH A PUPPET-STATE IN THE NORTHWESTERN PROVINCES. LARGELY DUE TO PRESSURE EXERTED BY THE UNITED STATES, THE SOVIETS WERE COMPELLED TO ABANDON THEIR TERRITORIAL DESIGNS. IT IS IMPORTANT TO REMEMBER THAT WITHIN RECENT MEMORY, ROUGHLY HALF OF IRAN WAS OCCUPIED AND CONTROLLED BY THE SOVIET UNION.

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SINCE THE MID-1960's, IRAN HAS MADE A CONCERTED EFFORT TO NORMALIZE ITS RELATIONS WITH THE SUPERPOWER ON ITS NORTHERN BORDER. THE TWO COUNTRIES HAVE APPRECIABLY INCREASED THEIR LEVEL OF TECHNICAL, ECONOMIC, AND CULTURAL COOPERATION. AS A RESULT, IRAN DOES NOT PRESENTLY FEAR AN INVASION BY THE SOVIET UNION. NONETHELESS, THE SHAH REMAINS APPREHENSIVE ABOUT THE SPREAD OF SOVIET INFLUENCE THROUGHOUT THE REGION.

Slide #68
IRAQI THREAT

(C) IRAQ IS IRAN'S MOST ACTIVE ANTAGONIST. THERE ARE A HOST OF DIFFERENCES BETWEEN THE TWO STATES: ETHNIC--AN ARAB VERSUS AN ARYAN NATION: RELIGIOUS--SUNNI MOSLEMS IN IRAQ AS OPPOSED TO SHIITE MOSLEMS IN IRAN: MILITARY--SOVIET EQUIPMENT AND ADVISORS IN IRAQ AS CONTRASTED WITH U.S. EQUIPMENT AND ADVISORS IN IRAN. THERE ARE IRAQI ACCUSATIONS OF IRANIAN ASSISTANCE TO DISSIDENT KURDISH TRIBES IN NORTHERN IRAQ AND IRANIAN COUNTERCLAIMS OF IRAQI-INSPIRED URBAN TERRORISM IN IRAN. FOR OVER A DECADE THERE HAVE BEEN FLARE-UPS AND FIRE-FIGHTS ALONG THE LENGTH OF THE 800-MILE IRAQ-IRAN BORDER. LASTLY, THERE IS AN ABIDING DIFFERENCE IN THE POLITICAL PHILOSOPHY OF THE TWO STATES. IRAN EXEMPLIFIES STABLE, TRADITIONAL AND RESPONSIBLE GOVERNMENT, WHEREAS THE RADICAL ARAB REGIME IN BAGHDAD REMAINS FRAGMENTED AND UNPREDICTABLE.

Slide #69
AFGHANISTAN

(C) FOR A NUMBER OF YEARS, THE SITUATION HAS BEEN QUIET ALONG IRAN'S EASTERN FRONTIER. RELATIONS WITH AFGHANISTAN HAVE

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BEEN DISTANT BUT CORRECT. DURING THIS PAST SUMMER, HOWEVER, A MILITARY COUP BY AFGHANISTAN'S SOVIET-TRAINED ARMY ENDED THE REIGN OF KING ZAHIR'S 400-YEAR-OLD DYNASTY. IRAN CONSIDERS THE NEW MILITARY GOVERNMENT OF MOHAMMAD DAOUD TO BE BASICALLY UNSTABLE AND THE END OF ROYALIST RULE IN A NEIGHBORING COUNTRY AS AN UNWELCOME DEVELOPMENT.

Slide #70
PAKISTAN

(C) IRAN IS PAKISTAN'S FOREMOST REGIONAL ALLY. IRAN HAS REPEATEDLY COMMITTED ITSELF TO INSURING THE CONTINUED POLITICAL VIABILITY OF PAKISTAN. WEAKENED BY ITS 1971 WAR WITH INDIA, PAKISTAN POSSESSES SEVERAL ETHNIC MINORITIES THAT MAKE IT SUBJECT TO FURTHER SPLINTERING. IRAN DIRECTLY SHARES ONE OF PAKISTAN'S MAJOR PROBLEMS OF TRIBALISM. IN THE SOUTHEASTERN PORTION OF IRAN, THERE ARE APPROXIMATELY ONE-HALF MILLION BALUCHI TRIBESMEN. THE BALUCHI TRIBE SPILLS OVER INTO WESTERN PAKISTAN AND PORTIONS OF AFGHANISTAN. PERIODICALLY, SENTIMENT FOR A SEPARATIST BALUCHI STATE ARISES. THE THEORETICAL BALUCHISTAN WOULD BE CREATED OUT OF PARTS OF PRESENT IRAN, PAKISTAN AND AFGHANISTAN, WOULD BORDER ON THE INDIAN OCEAN, AND WOULD BE CONTIGUOUS WITH THE SOVIET UNION. FROM IRAN'S PERSPECTIVE, THE BALUCHIS CONSTITUTE AN INTERNAL SECURITY PROBLEM. LATENT THOUGH THE PROBLEM MAY BE, IT PARTIALLY EXPLAINS THE GRADUAL STRENGTHENING OF IRANIAN FORCES IN THE SOUTHEASTERN PART OF THE COUNTRY.

CONFIDENTIAL

Slide #71
PERSIAN GULF
STATES

(C) IRAN IS ALSO CONCERNED ABOUT FUTURE PROSPECTS FOR THE TRADITIONAL ARAB STATES ARRAYED ALONG THE SOUTHERN SHORE O THE PERSIAN GULF. BECAUSE OF THEIR RELATIVELY WEAK NATIONAL FOUNDATIONS AND GREAT OIL WEALTH, THE SHAH CONSIDERS KUWAIT, SAUDI ARABIA, AND THE VARIOUS SHIEKDOMS OF THE UNITED ARAB EMIRATES TO BE TEMPTING TARGETS FOR INTERNATIONAL OPPORTUNISTS. BASED UPON SIMILAR FORMS OF GOVERNMENT, COMMON CONCERN FOR OIL PRODUCTION AND EXPORT AND OTHER SHARED REGIONAL INTERESTS, IRAN HAS ATTEMPTED TO BUILD BRIDGES TO THE ARAB STATES ACROSS THE GULF. THE SHAH HAS SOUGHT TO HAVE THE ARABS ACCEPT IRAN'S LEADERSHIP IN PERSIAN GULF AFFAIRS, BUT THE ARAB STATES HAVE REMAINED WARY OF THIS CONCESSION. EARLIER THIS SPRING, WHEN A BORDER DISPUTE BROKE OUT BETWEEN IRAQ AND KUWAIT, IRAN PROMPTE OFFERED MILITARY ASSISTANCE TO KUWAIT. THOUGH KUWAIT APPRECIAT IRAN'S TIMELY MORAL SUPPORT, IT DID NOT DEEM IT NECESSARY TO ACCEPT THE IRANIAN OFFER. AT THE OTHER END OF THE GULF, HOWEVE THE SULTANATE OF OMAN PROVED MORE RECEPTIVE. FOR TEN YEARS OMA HAS BEEN FIGHTING A COUNTER-INSURGENCY CAMPAIGN AGAINST RADICAL GUERRILLA ELEMENTS WHICH HAVE RECEIVED SUPPORT FROM THE PEOPLES REPUBLIC OF CHINA AND THE SOVIET UNION. AT PRESENT, A CONTINGEN OF 300 IRANIAN SPECIAL FORCES TROOPS, BACKED UP BY HELICOPTERS, ARE FIGHTING ON THE SIDE OF THE SULTAN'S FORCES.

CONFIDENTIAL

Slide #72
MILITARY STRATEGY
Russia

(C) STRATEGY. QUICKLY RECAPPING THE SHAH'S STRATEGY, IN THE CASE OF THE SOVIET UNION, IRAN DOES NOT ANTICIPATE A CROSS-BORDER INVASION. IF ONE SHOULD OCCUR, THERE IS NO FORESEEABLE WAY THAT IRAN COULD INDEPENDENTLY RESIST A CONCERTED ATTACK. NONETHELESS, IRANIAN FORCES WOULD CONDUCT A DELAYING ACTION AS THEY WITHDREW SOUTHWARD INTO THE INTERIOR. THIS WOULD BE COUPLED WITH A SCORCHED EARTH POLICY IN ORDER TO DISCOURAGE THE AGGRESSOR AND BUY TIME TO ENABLE THE WESTERN POWERS EITHER TO IMPOSE OR NEGOTIATE A SETTLEMENT.

Slide #73
STRATEGY - Iraq

(C) IN A CONFLICT WITH IRAQ, IT IS LIKELY THAT THE SHAH ENVISIONS A SHORT, PRE-EMPTIVE AND NON-CONSULTATIVE ENGAGEMENT. BORROWING A LEAF FROM THE ISRAEL'S 1967 BOOK, THE AIR FORCE WOULD BE EMPLOYED IN A SWIFT STRIKE TO NEUTRALIZE IRAQI AIRFIELDS AND TO GAIN AIR SUPERIORITY. GROUND FORCES' MANEUVERS WOULD BE DESIGNED TO SEIZE AND SECURE TERRITORY SO THAT CEASE-FIRE LINES WOULD BE DRAWN IN IRAQ. SIMULTANEOUSLY, THE AIR FORCE AND NAVY WOULD BE CHARGED WITH DEFENDING IRAN'S CRITICAL OIL FACILITIES.

Slide #74
STRATEGY -
GULF

(C) THOUGH THE IRANIAN NAVY HAS FORMERLY BEEN TASKED WITH COASTAL DEFENSE AND ANTI-INFILTRATION OPERATIONS, IT IS NOW RECEIVING A MUCH MORE EXPANSIVE MISSION. IT APPEARS THAT THE SHAH HAS FORMULATED A SOUTHERN STRATEGY THAT WILL PROVIDE THE NATION WITH A MARITIME DEFENSE IN DEPTH. PLANNED UNIT RELOCATIONS, MATERIAL PROCUREMENT, AND FACILITIES CONSTRUCTION IN SOUTHEASTERN

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IRAN SUPPORT THIS VIEW. THE IRANIAN NAVY IS ACQUIRING A BLUE-WAT
CAPABILITY THAT WILL BE EXERCISED UNDER THE PROTECTIVE COVER
OF THE IIAF. THE SHAH IS DETERMINED TO PROTECT HIS ECONOMIC
JUGULAR AT THE STRAIT OF HORMOZ. THROUGH THE STRAIT EACH DAY,
20,000,000 BARRELS OF PETROLEUM ARE EXPORTED TO THE INDUSTRIAL
NATIONS OF THE WORLD. ABOUT 25 PERCENT OF THIS TOTAL ORIGINATES
IN IRAN. MAINTENANCE OF THIS LIFE-LINE IS ESSENTIAL TO THE
CONTINUATION OF IRAN'S IMPRESSIVE RATE OF ECONOMIC GROWTH.

(C) LOOKING TO THE FUTURE, THE SHAH FORESEES A DEFINITE
ROLE FOR IRAN IN THE INDIAN OCEAN. GRADUALLY, HE WILL USE THE
NAVY TO SHOW THE FLAG IN THIS AREA AND TO SAFEGUARD, IN AT
LEAST A LIMITED SENSE, IRAN'S SEA LINES OF COMMUNICATIONS.
A LEADER OF CONSIDERABLE VISION, THE SHAH SEEKS ULTIMATELY TO
CONSTRUCT A "RECTANGULAR RELATIONSHIP" BETWEEN IRAN, SOUTH AFRICA
AUSTRALIA AND SINGAPORE THAT WILL SERVE IRAN'S FUTURE INTERESTS
IN THE REGION.

Slide #75
ORGANIZATION
CHART

(C) DEFENSE ORGANIZATION. AN ANALYSIS OF THE IRANIAN
MILITARY DECISION-MAKING APPARATUS REVEALS THAT THE SHAH ACTIVELY
PERFORMS THE FUNCTION OF COMMANDER IN CHIEF AND EXERCISES
UNQUESTIONED AUTHORITY. AT SUBORDINATE LEVELS, THERE ARE FIVE
PRINCIPAL MILITARY POWER POINTS. ONE RESIDES WITH GENERAL AZHARI
CHIEF OF THE SUPREME COMMANDER'S STAFF, A BODY LOOSELY RESEMBLING
OUR OWN JCS, AND THE HUB OF THE MILITARY STRUCTURE. HOWEVER, THE
SUPREME COMMANDER'S STAFF DIFFERS IN THAT IT IS CONCERNED ONLY

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WITH COORDINATION: IT CONTROLS NO FORCES AND HAS NO DIRECTIVE AUTHORITY. THE THREE SERVICE CHIEFS, GENERAL KHATAMI (AIR FORCE), GENERAL OVEISI (GROUND FORCES) AND REAR ADMIRAL ATTAII (NAVY) CONSTITUTE OTHER POWER POINTS WHICH HAVE DIRECT CHAIN OF COMMAND ACCESS TO HIS IMPERIAL MAJESTY. THE FIFTH MAJOR PLAYER IS THE VICE MINISTER OF WAR, AIR FORCE GENERAL TOUFANIAN, WHO IS RESPONSIBLE FOR THE PROCUREMENT OF ALL FOREIGN MILITARY EQUIPMENT AND FOR DOMESTIC MILITARY PRODUCTION. HE, TOO, REPORTS DIRECTLY TO THE SHAH. HENCE, IT IS ONLY AT THE PALACE THAT THE SEVERAL THREADS OF NATIONAL DEFENSE ARE WOVEN INTO WHOLE CLOTH. OBVIOUSLY, THIS ARRANGEMENT SERVES WELL TO PERPETUATE THE SHAH'S CONTROL OVER THE MILITARY FORCES.

(C) THE MINISTER OF WAR IS PRINCIPALLY CHARGED WITH THE LEGAL AND BUDGETARY MATTERS OF THE THREE SERVICES. THE MINISTER OF INTERIOR HAS DIRECT SUPERVISION OVER TWO LARGE PARAMILITARY FORCES IN IRAN, THE NATIONAL POLICE AND THE GENDARMERIE. BOTH OF THESE FORCES MAY COME UNDER THE DIRECT CONTROL OF THE COMMANDING GENERAL OF THE IMPERIAL IRANIAN GROUND FORCES IN THE EVENT OF WAR. THE GENDARMERIE IS PRINCIPALLY CHARGED WITH INTERNAL SECURITY, BORDER AND HIGHWAY CONTROL, ANTI-SMUGGLING AND ANTI-NARCOTICS AND CONSCRIPTION ACTIVITIES. THE NATIONAL POLICE PERFORMS NORMAL POLICE FUNCTIONS IN THE CITIES.

Slide #76
GROUND FORCES

(C) FORCE DISPOSITION/DEVELOPMENT. GROUND FORCES: TURNING TO THE INDIVIDUAL SERVICES, WITH OVER 180,000 MEN,

SECRET

Slide #77
INFANTRY
Slide #78
ARMOR
Slide #79
AIRBORNE
Slide #80
MECHANIZED
Slide #81
ARTILLERY
Slide #82
ARTILLERY
Slide #83
ENGINEERS
Slide #84
Trucks-Helos
Slide #85
MARCHING
UNIT

THE GROUND FORCES ACCOUNT FOR THE BULK OF IRAN'S MILITARY MANPOWER. ORGANIZED UNDER TWO CORPS HEADQUARTERS, THE MAJOR COMBAT UNITS CONSIST OF THREE INFANTRY DIVISIONS, THREE ARMORED DIVISIONS, AND FIVE INDEPENDENT BRIGADES, INCLUDING AN AIRBORNE BRIGADE AND A SPECIAL FORCES BRIGADE. THERE ARE MECHANIZED INFANTRY UNITS, AND THE NORMAL ARTILLERY SUPPORT ELEMENTS. THE NORMAL COMBAT SUPPORT---AND COMBAT SERVICE SUPPORT UNITS--- ARE ALSO IN EXISTENCE AND CAPABLE OF PERFORMING THEIR DUTIES. DURING THE ANNUAL OBSERVANCE OF THE SHAH'S BIRTHDAY, VIEWERS ARE TREATED TO AN IMPRESSIVE PRECISION MARCHING UNIT OF THE GROUND FORCE, WHICH COULD COMPETE VERY WELL WITH ANY U.S. MARCHING UNIT.

Slide #86
TABLE-OF
(Confidential)

(C) HOWEVER, IT IS MORE INSTRUCTIVE TO COMPARE CURRENT FO LEVELS WITH THOSE PROJECTED FOR THE END OF THE CURRENT FIVE-YE PROGRAM PLAN IN 1978. THE GROUND FORCES ANTICIPATE A 50 PERCENT PERSONNEL INCREASE. THIS WILL RESULT IN A RELATIVELY SMALL RISE IN DIVISIONAL COMBAT STRENGTH, THEREBY INDICATING THAT THE ADDITIONAL PEOPLE WILL BE USED TO FLESH OUT EXISTING COMBAT UNITS, TO BUILD UP THE LOGISTICS SUPPORT ORGANIZATION AND FILL THE REQUIREMENTS OF THE NEW IMPERIAL IRAN ARMY AVIATION PROGRAM. THE SEVEN-FOLD INCREASE IN THE HELICOPT INVENTORY IS THE LARGEST BUILDUP OF ITS TYPE IN THE WORLD. THE GROWTH OF THE TANK INVENTORY IS ALSO NOTEWORTHY. THE PLANNED

TOTAL OF OVER 1,800 REFLECTS THE INCORPORATION OF 750 CHIEFTA MEDIUM TANKS AND 250 SCORPION COMBAT RECONNAISSANCE VEHICLES WHICH IRAN HAS PURCHASED FROM THE U.K. THE ARTILLERY FIGURES IN THE TABLE REFER TO 155MM OR LARGER SELF-PROPELLED PIECES.

Slide #87
AIR FORCE HEADQUARTERS

(C) AIR FORCE. OUTFITTED ALMOST EXCLUSIVELY WITH U.S. EQUIPMENT, THE IIAF EMERGES AS THE MOST TECHNOLOGICALLY ADVANCED AND DYNAMIC IRANIAN SERVICE . THE AIR FORCE HAS MADE VAST IMPROVEMENTS FROM ITS VERY HUMBLE BEGINNING IN 1929, AND ITS END OF WORLD WAR II STATUS OF HAVING TWO OBSOL SQUADRONS. TODAY, UNDER THE LEADERSHIP OF GENERAL KHATAMI, THE IIAF IS EQUIPPED WITH THE LATEST IN AIRCRAFT, IS HIGHLY TRAINED AND MOTIVATED AND IS CONSIDERED CAPABLE OF EFFECTIVELY UTILIZING ITS AIRCRAFT, WHICH INCLUDE F-4's, F-5's, C-130's, AND A NUMBER OF MISCELLANEOUS SERVICE AIRCRAFT.

Slide #88
F-4s
Slide #89
F-5s
Slide #90
C-130s

Slide #91
HANGAR

(C) MODERN AIRCRAFT FACILITIES HAVE BEEN CONSTRUCTED AND THE IIAF HAS OPERATIONAL BASES AND FACILITIES AT MEHRABAD, DOSHEN TAPPEH, DEZFUL, HAMADAN (VAHDATI) AND MASHED AMONG OTHER LOCATION THE IIAF SPEAKS ONLY ENGLISH WHEN FLYING AND OPERATES A VERY MODERN ENGLISH-LANGUAGE INSTRUCTIONAL FACILITY IN TEHRAN. MANY OF OUR DEPENDENT WIVES ASSIST IN TEACHING AT THIS FACILITY.

Slide #92
RADAR SITE

THE IIAF ALSO OPERATES RADAR SITES, MANY OF WHICH ARE LOCATED IN EXTREMELY REMOTE LOCATIONS AND ARE SUBJECTED TO EXTREMELY SEVERE WEATHER CONDITIONS.

Slide #93
TABLE - AF
(Confidential)

(C) AS WITH THE GROUND FORCES, THE IIAF PLANS TO INCREASE

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ITS PERSONNEL STRENGTH BY ROUGHLY 50 PERCENT WITHIN THE NEXT
FIVE YEARS. THREE NEW MAIN OPERATING BASES WILL BE CONSTRUCT
TO ACCOMMODATE A DOUBLING OF OPERATIONAL SQUADRONS.
APPROXIMATELY 200 ADVANCED AIRCRAFT WILL BE ADDED TO THE FOR
INVENTORY ADDITIONS WILL INCLUDE SOME OF THE MOST
SOPHISTICATED AIRCRAFT PRODUCED BY U.S. INDUSTRY. IRAN HAS
INDICATED ITS INTENT TO PURCHASE 30 F-14 and 50 F-15 FIGHTERS
SIX P-3F MARITIME PATROL AIRCRAFT, SIX 707-3J9C TANKERS AND
UNDETERMINED NUMBER OF A-10 GROUND SUPPORT AIRCRAFT. THE IIA
HAS RESPONSIBILITY FOR IRAN'S ENTIRE AIR DEFENSE NETWORK. SO
FAR, IT HAS BOUGHT SIX BATTALIONS OF IMPROVED HAWK MISSILES
FROM THE UNITED STATES AND TWO BATTALIONS OF BRITISH RAPIER
SAM's TO PROVIDE POINT DEFENSE FOR SUCH KEY TARGET COMPLEXES
AS AIRFIELDS, MILITARY COMMAND CENTERS AND OIL INSTALLATIONS.

Slide #94
NAVY HQS

(C) ORGANIZATION OF THE IMPERIAL IRANIAN NAVY. ALTHOUGH
THE IIN WAS COMPLETELY DESTROYED IN WORLD WAR II, IT HAS MADE
GREAT STRIDES TOWARD BECOMING A MODERN NAVAL FORCE. UNDER TH
COMMAND OF ADMIRAL ATTAIE, IT IS PRESENTLY ORGANIZED INTO A
NORTHERN AND SOUTHERN NAVAL DISTRICT, AND A HEADQUARTERS SHOR
ESTABLISHMENT LOCATED HERE IN TEHRAN, WHICH ACTS AS A CENTRAL
COMMAND POST FOR THE CASPIAN AND PERSIAN GULF NAVAL ACTIVITIE
AND ALLOWS IMMEDIATE HIGH-LEVEL COORDINATION BETWEEN THE NAVY

Slide #95
NAVY TRAINING
CENTER

AND OTHER SERVICES AS WELL AS WITH GOI AGENCIES. THE NORTHER
NAVAL DISTRICT IS LOCATED AT BANDAR PAHLAVI AND HAS THE ENLIS

MEN'S SCHOOL, THE SEAMANSHIP SCHOOL, AND OTHER SCHOOLS ALONG WITH SEVERAL SMALL CRAFT. ALSO LOCATED ON THE CASPIAN ARE THE IIN TRAINING CENTERS AT BANDAR PAHLAVI, AS WELL AS THE RECRUIT TRAINING CENTER NEAR RASHT.

Slide #96
SOUTHERN NAVAL HEADQUARTERS
Slide #97
SHIP
Slide #98
Ship
Slide #99
SHIP
Slide #100
SHIP

(C) THE HEADQUARTERS FOR THE SOUTHERN NAVAL DISTRICT IS CURRENTLY BEING MOVED FROM KHORRAMSHAHR AT THE HEAD OF THE PERSIAN GULF TO BANDAR ABBAS. PRESENTLY THIS SOUTHERN NAVAL FORCE CONSISTS OF DESTROYERS, PATROL FRIGATES, PATROL GUN BOATS, MINE SWEEPERS, PLUS TANKERS AND MISCELLANEOUS LOGISTIC SUPPORT SHIPS AND COAST GUARD PATROL CRAFT.

Slide #101
TABLE - NAVY
(Confidential)

(C) THOUGH THE SMALLEST OF THE THREE SERVICES, THE IMPERIAL IRANIAN NAVY IS ALSO EXPERIENCING SIGNIFICANT GROWTH. THE IIN ALSO ANTICIPATES A 50 PERCENT INCREASE IN MANPOWER. IT INTENDS TO CONSTRUCT A NEW BASE AT CHAH BAHAR WHICH FRONTS DIRECTLY ON THE INDIAN OCEAN AND TO IMPROVE EXISTING FACILITIES AT BANDAR ABBAS AND BUSHEHR. NEW SHIPS JOINING THE IIN ARE HEADED BY MISSILE-ARMED DESTROYERS FROM THE U.S. AND FRIGATES FROM THE U.K. THE IIN, WHICH ALREADY POSSESSES THE LARGEST OPERATIONAL HOVERCRAFT UNIT IN THE WORLD, INTENDS TO AUGMENT THIS UNIQUE FORCE WITH FOUR ADDITIONAL MACHINES. THE NAVY'S AIR CAPABILITY WILL BE STRENGTHENED BY THE ACQUISITION OF HELICOPTERS EQUIPPED FOR ANTI-SUBMARINE WARFARE, MINESWEEPING AND UTILITY ROLES.

Slide #102
MAP - DISPOSITION OF BASES (Confidential)

(C) DISPOSITION OF FORCES. THE LOCATION OF IRAN'S MAJOR MILITARY BASES SHOWS A CURRENT CONCENTRATION IN THE WESTERN PORTION OF THE COUNTRY. HOWEVER, FUTURE CONSTRUCTION PLANS REVEAL A DECIDED EMPHASIS ON BUILDING UP A TRI-SERVICE BASE STRUCTURE IN SOUTHEASTERN IRAN.

(U) HISTORY OF MILITARY ASSISTANCE AND ARMISH-MAAG.

Slide #103
HISTORY OF ARMISH-MAAG

MILITARY ASSISTANCE TO IRAN HAS TAKEN NUMEROUS FORMS SINCE IT INCEPTION IN SEPTEMBER 1941 WHEN A U.S. MISSION WAS CREATED T ASSIST IN THE LEND-LEASE PROGRAM FOR THE SOVIET UNION AND THE MIDDLE EAST DURING WORLD WAR II.

(U) A FORMAL CONTRACT WAS SIGNED IN EARLY NOVEMBER 1943 AND REVISED IN OCTOBER 1947 CREATING THE UNITED STATES ARMY MISSION TO IRAN (ARMISH). IN MAY 1950 THE MUTUAL DEFENSE ASSISTANCE AGREEMENT, WHICH ESTABLISHED A MILITARY ASSISTANCE ADVISORY GROUP (MAAG) IN IRAN, WAS SIGNED. THE SEPARATE ORGANIZATIONS OF ARMISH AND MAAG WERE CONSOLIDATED INTO ARMIS IN 1958. IN 1965 ARMISH-MAAG WAS REORGANIZED TO PROVIDE FUNC ARMY, AIR FORCE AND NAVY ADVISORY SECTIONS, A JOINT ADVISORY S AND NECESSARY ADMINISTRATIVE AND SUPPORT ELEMENTS, WHICH WE WI DISCUSS LATER. THE ARMISH-MAAG MISSIONS ARE AS SHOWN ON THIS SLIDE. ALONG WITH A NUMBER OF OTHER COUNTRIES, IRAN HAS BECO SUFFICIENTLY DEVELOPED TO BE ABLE TO PURCHASE HER OWN EQUIPME AND SUPPLIES. CONGRESS IN 1961 APPROVED A PROGRAM KNOWN AS "FOREIGN MILITARY SALES" (FMS). THE FMS PROGRAM IS THE MAJOR

Slide #104
ARMISH-MAAG MISSIONS

SOURCE OF ACQUISITION OF U.S. MILITARY EQUIPMENT FOR IRAN SINCE 1964.

Slide #105
DOD CREST

(U) ORGANIZATION OF ARMISH-MAAG: CURRENTLY ARMISH-MAAG IS COMMANDED BY MAJOR GENERAL DEVOL BRETT WHO, IN ADDITION TO HIS CHIEF, ARMISH-MAAG DUTIES, ALSO FUNCTIONS AS THE SENIOR DEPARTMENT OF DEFENSE REPRESENTATIVE IN IRAN WITH COORDINATING AUTHORITY OVER A LARGE NUMBER OF DOD AGENCIES.

(U) AFTER AMBASSADOR RICHARD HELMS AND DEPUTY CHIEF OF MISSION, DOUGLAS L. HECK, GENERAL BRETT IS THE THIRD-RANKING U.S. OFFICIAL IN-COUNTRY.

Slide #106
ARMISH-MAAG
ORGANIZATION

ARMISH-MAAG HAS A FAIRLY STRAIGHT-FORWARD ORGANIZATION. THE JOINT STAFF FUNCTIONS UNDER THE DIRECTION OF THE CHIEF OF STAFF. IN ADDITION TO PROVIDING DIRECT STAFF SUPPORT TO CHIEF, ARMISH-MAAG, JOINT STAFF MEMBERS ADVISE THEIR COUNTERPARTS ON THE IRANIAN SUPREME COMMANDER'S STAFF.

Slide #107
ARMISH-MAAG
MANNING

(U) CURRENTLY, ARMISH-MAAG HAS SLIGHTLY UNDER 250 AUTHORIZED POSITIONS. THOUGH THIS NUMBER IS MARKEDLY LESS THAN IN PREVIOUS YEARS, IT IS LARGELY THE PRODUCT OF A REORGANIZATION. IN SEPTEMBER 1972 THE ENTIRE SUPPORT SECTION WAS DETACHED FROM ARMISH-MAAG AND ASSIGNED TO USCINCEUR. THUS, THE SUPPORT ACTIVITY HERE IN TEHRAN IS NO LONGER CHARGEABLE TO ARMISH-MAAG FOR PERSONNEL ACCOUNTABILITY PURPOSES.

Slide #108
ARMY CREST

(U) ARSEC. THE ARMY ADVISORY HEADQUARTERS IS TEMPORARILY LOCATED IN AN OFFICE BUILDING NEAR THE GULF DISTRICT COMPOUND. THE IIGF HEADQUARTERS HAS RECENTLY MOVED TO A NEW BUILDING.

ARSEC WILL COLLOCATE WITH IIGF IN ABOUT SIX MONTHS. THE ARMY SECTION IS CURRENTLY HEADED BY BRIGADIER GENERAL LEO E. SOUCEK WHO MAINTAINS A STAFF IN TEHRAN, ALTHOUGH A CONSIDERABL NUMBER OF HIS PEOPLE ARE ASSIGNED TO FIELD ADVISORY TEAMS, EAC OF WHICH IS COMMANDED BY A COLONEL AND LOCATED WITH ONE OF THE TWO IRANIAN CORPS HEADQUARTERS. FROM THESE, IN TURN, SMALLER ELEMENTS OF ONE OR TWO MEN ARE EITHER PERMANENTLY OR TEMPORARI STATIONED WITH SPECIFIC IRANIAN UNITS, OR SCHOOLS, BASED ON PRESENT REQUIREMENTS.

Slide #109
AIR FORCE
CREST

(U) AFSEC. THE AIR FORCE SECTION IS COLLOCATED WITH THE AIR FORCE HEADQUARTERS IN THE SOUTHEASTERN PART OF TOWN. CHIEF, AFSEC, IS BRIGADIER GENERAL WALTER D. DRUEN, JR., WHO ALSO HAS A SMALL STAFF AND ADVISES THE IMPERIAL IRANIAN AIR FORCE ON ALL ASPECTS OF ITS ACTIVITIES.

Slide #110
NAVY CREST

(U) NAVSEC. THE SMALLEST ADVISORY ELEMENT OF ARMISH-MAA IS THE NAVY SECTION. IT IS HEADED BY CAPTAIN ROBERT S. HARWA WHO, TOGETHER WITH AN EXTREMELY SMALL STAFF, IS COLLOCATED WIT THE IRANIAN HEADQUARTERS SHORE ESTABLISHMENT HERE IN TEHRAN. PART OF HIS ADVISORY STAFF IS SITUATED WITH THE SOUTHERN NAVAL DISTRICT IN THE PERSIAN GULF AT KHORRAMSHAHR, KHARG ISLAND AND BANDAR ABBAS.

Slide #111
SUPPORT ACTIVITY

(U) EUCOM SUPPORT ACTIVITY. UNTIL LAST FALL, ARMISH-MAAG SUPPORTED NOT ONLY ITSELF BUT ALL OTHER DOD ACTIVITIES IN IRAN. A SMALL SUPPORT ELEMENT WITHIN ARMISH-MAAG WAS CHARGED WITH PROVIDING THIS SUPPORT, WHICH INCLUDED THE USUAL COMPTROLLER, PERSONNEL, AND TRANSPORTATION SECTIONS, SUPPLY AND SO FORTH.

IN SEPTEMBER 1972 THESE FUNCTIONS WERE SEPARATED FROM ARMISH-MAAG AND A SMALL SUPPORT ACTIVITY WAS FORMED UNDER DIRECT CONTROL OF THE UNITED STATES EUROPEAN COMMAND. RESPONSIBILITY FOR THIS ACTIVITY WILL BE TRANSFERRED TO USAREUR ON 1 JULY 1974.

Slide #112
TAFT CHART

(U) TECHNICAL ASSISTANCE FIELD TEAMS. DURING THE FORMULATION OF THE IRANIAN MILITARY EXPANSION PROGRAM, IT BECAME APPARENT THAT IRAN WOULD REQUIRE HELP FROM U.S. TECHNICIANS IN ORDER TO SUCCESSFULLY INCORPORATE MODERN AMERICAN MILITARY EQUIPMENT INTO ITS FORCES. ULTIMATELY, THE U.S. AGREED TO SUPPLY SOME 550 TECHNICIANS TO IRAN. DUE TO CONGRESSIONAL RESTRICTIONS, THESE PERSONNEL COULD NOT BE ADDED TO THE ROLLS OF ARMISH-MAAG. CONSEQUENTLY, A NEW ORGANIZATION AND A NEW CONCEPT WAS CREATED---THE TECHNICAL ASSISTANCE FIELD TEAM.

(U) ORGANIZATIONALLY, THE TAFT'S ARE SEPARATE FROM ARMISH-MAAG AND REPORT DIRECTLY TO USCINCEUR COMPONENT COMMANDERS. CHIEF, ARMISH-MAAG, IS CHARGED WITH MONITORING, COORDINATING AND EVALUATING TAFT ACTIVITIES. THE TAFT'S DIFFER IN SEVERAL WAYS FROM THE MILITARY ASSISTANCE ADVISORY GROUP. CONCEPTUALLY, WHEREAS ARMISH-MAAG IS CONCERNED WITH STAFF FUNCTIONS OF A CONTINUING NATURE, THE TAFT'S WERE CONCEIVED TO BE SHORT-TERM TEAMS FOCUSING ON THE INTRODUCTION OF NEW MILITARY EQUIPMENT AND ATTENDANT LOGISTICS SYSTEMS. FURTHER, THOUGH THE UNITED STATES GOVERNMENT PAYS THE MAJOR SHARE OF ARMISH-MAAG COSTS,

ALL EXPENSES ASSOCIATED WITH THE TAFT TEAMS ARE BORNE EXCLUSIVE
BY THE GOVERNMENT OF IRAN. THIS INCLUDES BASE PAY AND ALLOWANC
TRANSPORTATION EXPENSES, AND COMPLETE ADMINISTRATIVE AND OVERHE
COSTS, AS WELL AS LESS OBVIOUS EXPENSES SUCH AS TUITION FOR
DEPENDENT SCHOOLING AND CONTRIBUTIONS TO U.S. MILITARY RETIREMEN
FUNDS.

Slide T-113
MAP - LOCATION OF TAFT PERSONNEL (Confidential)

(C) ANOTHER DISTINCTION BETWEEN ARMISH-MAAG AND THE TAFT IS THE SITING OF PERSONNEL IN-COUNTRY. WHEREAS MAAG MEMBERS ARE LOCATED ALMOST TOTALLY IN THE TEHRAN AREA, ROUGHLY HALF OF THE TAFT PERSONNEL ARE SPREAD ALONG AN AXIS PARALLELLING THE IRANIAN MILITARY BASE STRUCTURE FROM TABRIZ IN THE NORTHWEST THROUGH KERMANSHAH AND SHIRAZ TO BANDAR ABBAS IN THE SOUTHEAST. IN EFFECT, ACTIVATION OF THE TAFT TEAMS HAS RESULTED IN A SIGNIFICANT INCREASE IN DISPERSION AND VISIBILITY OF U.S. MILITARY PERSONNEL IN IRAN. COMBINING ARMISH-MAAG, TAFT AND THE EUROPEAN SUPPORT ACTIVITY, THERE ARE APPROXIMATELY 900 AUTHORIZED BILLETS IN IRAN FOR PERSONNEL ASSOCIATED WITH THE SECURITY ASSISTANCE PROGRAM. AT THE MOMENT, OVER 750 OF THESE POSITIONS ARE FILLED, WITH THE BALANCE TO BE OCCUPIED BY TAFT TECHNICIANS DURING THE CURRENT FISCAL YEAR.

(C) FOREIGN MILITARY SALES. DURING PRESIDENT NIXON'S DISCUSSIONS IN TEHRAN WITH HIS IMPERIAL MAJESTY IN MAY 1972, THE UNITED STATES AGREED TO MAKE AVAILABLE TO IRAN THE FULL

Slide #114
PROCUREMENT OF
MAJOR SYSTEMS
(Confidential)

SPECTRUM OF CONVENTIONAL MILITARY EQUIPMENT PRODUCED BY AMERICAN DEFENSE INDUSTRIES. THIS SLIDE SHOWS THE DRAMATIC DEGREE TO WHICH IRAN HAS PICKED UP THE OPTIONS EXTENDED.

(C) ALTHOUGH THE GOVERNMENT OF IRAN HAS SOME DIRECT CONTRACTS WITH U.S. COMPANIES, IT PREFERS TO MAKE THE MAJORITY OF ITS PURCHASES THROUGH FOREIGN MILITARY SALES (FMS). IN THIS WAY, BY OBTAINING THE INTERMEDIARY SERVICES OF THE U.S. DEPARTMEN OF DEFENSE, THE SHAH SEEKS TO INSURE THAT IRAN IS TREATED FAIRLY IN ITS COMMERCIAL TRANSACTIONS. IN EARLIER YEARS, IRAN RECEIVED SOME GRANT AID FROM THE UNITED STATES, BUT IT NOW PAYS ITS OWN WAY COMPLETELY. DOLLAR FIGURES INDICATE THAT IRANIAN MILITARY PROCUREMENT EXPENDITURES HAVE BEEN DEVOTED PRIMARILY TO AIRCRAFT ACQUISITION. THE HAWK AIR DEFENSE MISSILE SYSTEM ACCOUNTS FOR ANOTHER MAJOR INVESTMENT. IN ADDITION TO THE IMPRESSIVE FINANCIAL OUTLAYS LISTED, THE SOPHISTICATION OF SEVERAL OF THESE

Slide #115
POTENTIAL MAJOR
PROCUREMENT ACTIONS
(Confidential)

WEAPON SYSTEMS COMMANDS ATTENTION. FURTHER, THE SHAH'S INTEREST IN PURCHASING ADDITIONAL ADVANCED WEAPONS REMAINS UNABATED. HEADING THE LIST IS THE F-14/15 BUY, WHICH REPRESENTS A SALE IN EXCESS OF ONE BILLION DOLLARS. ANALYSES OF LESSONS LEARNED FROM THE FOURTH ARAB/ISRAELI WAR ARE CERTAIN TO GENERATE FUTURE IRANIAN ORDERS FOR STILL MORE U.S. ARMAMENTS.

Slide #116
CONUS TRAINING
EFFORT

(C) CONUS TRAINING. THE PRINCIPAL PACING FACTOR IN THE DEVELOPMENT OF THE IRANIAN FORCES IS THE ACQUISITION OF TRAINED

CONFIDENTIAL

AND TRAINABLE PERSONNEL. ACCOMPANYING THE EXTENSIVE MILITARY PROCUREMENT PROGRAM IS AN ACTIVE ARMISH-MAAG ORCHESTRATED TRAINING EFFORT. DURING THE LAST FISCAL YEAR, ALMOST 1,400 IRANIAN STUDENTS WERE DISPATCHED TO THE UNITED STATES TO ATTEND OVER 200 DIFFERENT COURSES OF INSTRUCTION. DURING FY-74 THIS NUMBER WILL GROW EVEN LARGER. O MUCH OF THE TRAINING PROVIDED TO IRANIAN MILITARY PERSONNEL IS IN HIGHLY TECHNICAL AREAS THAT WILL LEAVE THE IMPRINT OF AMERICAN INFLUENCE ON IRAN'S FORCES FOR MANY YEARS TO COME. FOR EXAMPLE, THE MAJOR PORTION OF THE AIR FORCE'S PILOTS WERE SCHOOLED IN THE UNITED STATES. SIMILARLY, A LARGE PERCENTAGE OF THE FLAG OFFICERS IN THE THREE SERVICES HAVE AT SOME POINT IN THEIR CAREERS ATTENDED A COURSE IN THE UNITED STATES. O

Slide #117
MAP - US TRAINING

(C) FINALLY, THE SALIENT QUESTION POSED BY VISITORS TO ARMISH-MAAG IS: "WHY IS IRAN CURRENTLY SPENDING SUCH AN ENORMOUS AMOUNT OF ITS NATIONAL WEALTH ON ITS MILITARY FORCES?" TO AN OUTSIDER, IT DOES NOT SEEM THAT THIS QUESTION CAN BE ANSWERED SOLELY IN TERMS OF AN EXTERNAL THREAT. THEREFORE, TO PROMOTE A GREATER UNDERSTANDING OF THE SHAH'S INTENTIONS, IT IS NECESSARY TO CONSIDER SEVERAL OTHER FACTORS. FIRST, THE SHAH EQUATES HIS MILITARY EXPANSION PROGRAM WITH DETERRENCE. HE BELIEVES THAT LARGE, MODERNIZED, WELL-TRAINED FORCES WILL IN THEMSELVES BE SUFFICIENT TO DISSUADE ANY ATTACKERS. HE ALSO

Slide #118
PROCUREMENT FACTORS

CONFIDENTIAL

LOOKS TO HIS NEW FORCES TO ENHANCE HIS NATION'S REGIONAL AND INTERNATIONAL PRESTIGE. ADDITIONALLY, INFLATION EXERTS A MAJOR INFLUENCE. STATED QUITE SIMPLY, IF IRAN IS COMMITTED TO BUILDING UP ITS MILITARY FORCES, IT IS CHEAPER TO SHOULDER THE INVESTMENT TODAY THAN IT WILL BE TOMORROW. THERE IS ALSO THE MATTER OF AVAILABILITY. AT PRESENT, THE SHAH CAN TURN TO THE UNITED STATES AS A READY SOURCE OF MODERN ARMAMENTS. IN A COMPLEX AGE OF SHIFTING POLITICAL RELATIONSHIPS, HE CANNOT BE CERTAIN THAT THIS WILL ALWAYS BE SO. FURTHER, THE SHAH IS CONVINCED THAT IRAN'S FUTURE DEPENDS ON SUCCESSFULLY GRAFTING WESTERN TECHNOLOGY TO PERSIAN CULTURE IN ORDER TO CREATE WHAT HE HAS TERMED HIS "GREAT CIVILIZATION." HE ENVISIONS A SUBSTANTIAL SPIN-OFF FROM HIS MILITARY PROGRAMS THAT WILL SERVE AS AN AGENT OF MODERNIZATION THROUGHOUT IRANIAN SOCIETY. LASTLY THERE IS A PSYCHOLOGICAL-HISTORICAL ELEMENT WHICH INFLUENCES THE SHAH'S DECISIONS. DURING WORLD WAR II, THAT IS, IN HIS OWN LIFETIME, THE MONARCH WITNESSED FOREIGN POWERS OCCUPYING HIS COUNTRY AND DEPOSING HIS FATHER. HE IS RELYING ON HIS REVITALIZED MILITARY FORCES TO INSURE THAT NO INVADER WILL EVER AGAIN DICTATE CONDITIONS TO IRAN WITH IMPUNITY. ●

● #119
SH-MAAG CREST

(U) THAT CONCLUDES THE BRIEFING. ARE THERE ANY QUESTIONS?